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Chile's Insulza Addresses APEC Ministers' Forum

PY1711195795 Santiago EL MERCURIO in Spanish 17 Nov 95 p C5

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza opened Chile's political participation in the debates of the Sixth APEC (Asia-Pacific Economic Cooperation) Ministerial Meeting by giving solid support for the liberalization of trade in all economic areas within all the territories that comprise APEC and by detailing a special proposal on the role that small and medium-sized companies [PYMES] play in promoting the economy in this vast region of the world.

The summit ends on 19 November with the holding of the third summit of the so-called "Economic Leaders," which will also be attended by President Eduardo Frei.

Foreign Minister Insulza delivered his speech to the session, where Economy Minister Alvaro Garcia — who was heading the Chilean delegation — was awaiting him, merely one hour after arriving directly from the airport.

The ministerial meeting was held three days after a working meeting of high-ranking representatives who discussed at the technical level the several proposals and the action plan through which APEC economies seek to implement the liberalization of trade between the year 2010 and 2020.

Foreign Minister Insulza delivered his speech immediately after U.S. Secretary of State Warren Christopher. He said that during the previous summit in Bogor, Indonesia, where Chile was accepted as an APEC member, it was decided that an action agenda would be presented during the Osaka summit to lay out an action plan to achieve APEC's strategic goals, which are: the liberalization and facilitation of trade and investment and the development of economic cooperation.

Insulza said: "The path we have chosen, which has been labeled free trade consensus is the best suitable one to promote an atmosphere of understanding which will lead to the consolidation of a true trans-Pacific community. Chile supports the agenda of concerted action submitted to the ministers because it will allow us to achieve the ultimate objective of establishing a free trade area in an expeditious and effective manner."

Yesterday, there were still disagreements over the major issues under debate since the beginning of the week such as the treatment of agricultural products and when to implement the liberalization of these products.

Japan, China, the ROK, and Taiwan, followed by Malaysia and the Philippines have proposed granting special treatment for the free trade of agricultural products. The United States, Australia, New Zealand and Thailand have objected to this because the discrimination of areas would result in a crisis within APEC.

This task has been entrusted to the ministers who yesterday seemed to have reached an agreement through which all acknowledge that no areas are to be excluded from liberalization but that each country will establish its priorities and promote some areas more than others.

Insulza said: "It is of crucial importance to extend the liberalization process to all economic groups without exception in order to uphold the consensus achieved in Bogor. It is obvious that each economy has areas that are more politically sensitive than others. Chile also has politically sensitive economic areas that will have to accommodate themselves to the liberalization process. But our treatment of them will be based more on the definition of timetables than on the establishment of exemptions."

Insulza also stressed the need for defining policies and areas of competence within APEC because these constitute "an effective tool for promoting the liberalization of trade and investments and expediting the different processes in an effective and open manner."

Chile has great experience in antimonopoly laws through institutions such as the National Economic Control Office [Fiscalia Nacional Economica] and the National Distortion Commission [Comision Nacional de Distorsion] and Insulza placed this experience at the disposal of other APEC members.

Chile Will Be Site of Special Group Meeting

At the end of his speech, Foreign Minister Insulza announced that in April 1996 Chile will be the site of the meeting of the APEC Special Group at the Political Level on PYMES."

In addition, five other task groups — on agricultural, fishing, tourism, telecommunications and mining operations — are scheduled to hold meetings next year.

Regarding the special group meeting in Chile, Insulza said that for Chile this is an opportunity for businessmen from small and medium-sized companies to meet with experts from other regions of the world to discuss about the role of these organizations which fulfill a fundamental work in the economies of APEC countries, particularly regarding the creation of jobs.

Insulza reminded that in Chile PYMES employ about 80 percent of the work force and encompass 95 percent of all companies.

Insulza said: "Although there are considerable differences in the role of the PYMES in the context of APEC

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economies, the action agenda appropriately acknowledges their essential importance in achieving our goal of increasing trade and investment in the Asia-Pacific region."

In this context, for Chile it is of utmost importance to establish a strong bilateral cooperation system among APEC countries to promote the development of small and medium-sized companies.

At the end of the ministers meeting on 16 November in Chile, 17 November in Japan, and one hour before meeting with U.S. Secretary of State Warren Christopher, Insulza talked with EL MERCURIO about the importance of the issues discussed. He added that one of the major objectives of APEC member-countries is to strengthen consensus because up to now there has been advancement on the achievement of important agreements on liberalization and investment.

He added that there is also interest in maintaining the initiative of the Bogor summit held in November 1994 during which the 18 member-countries agreed to establish a free trade area that encompasses the full liberalization of their economies by the year 2020, a proposal that was fully backed by President Frei.

On this occasion, Frei stated that this measure is of great importance for the development of Chile.

Japanese Prime Minister Views Chile's Role in APEC

PY1711221695 Santiago EL MERCURIO in Spanish 17 Nov 95 p A14

[FBIS Translated Text] Tokyo — This year Japan presided over the Asia-Pacific Economic Cooperation, APEC, forum. Its main interest is to pass from words to action to attain the goal of opening the economies of the member-countries.

Japanese Prime Minister Tomiichi Murayama answered some questions by EL MERCURIO about the participation of Japan and Chile in this meeting that is taking place in Osaka.

[EL MERCURIO] Some analysts maintain that the Japanese Government's wish to continue protecting its agricultural markets will make the APEC summit fail. What is your opinion?

[Murayama] Regarding the object of liberation which is the object of the APEC talks, there is a consensus among the APEC members that all fields must be included. Japan also believes that the object of liberation must include all sectors, including agriculture, stressing the principle of comprehensiveness [preceding word in English] (covering all sectors) in this liberation.

Moreover, my country believes that it is important to acknowledge a realistic and flexible treatment to liberate the difficult sectors of each member-country.

Right now, the final adjustments are being made; that's why it is difficult to predict up to what level they can be liberated. Anyway, Japan, as the presiding country this year, is willing to demonstrate leadership and to make coordination efforts to prepare an "agenda of action" of which all APEC leaders will be proud of.

[EL MERCURIO] Is it possible to create a free trade area in the Pacific by 2020?

[Murayama] The APEC is a more open economic order to freely trade goods, services, and investment in the Asian-Pacific area for which we seek prosperity. The declaration of Bogor endorsed by the leaders of the APEC member-countries in Indonesia last year, established a long-term goal for APEC which is free trade and investments and the promotion of cooperation and development by 2010 for developed economies and by 2020 for developing economies.

It is significant that as we make progress in attaining such objectives, economic interdependencies in APEC area increase. A more efficient group economic system is likewise being built in the Asia-Pacific area. Trade is increasing, jobs are being created, and a better standard of living is being attained.

[EL MERCURIO] Does Japan wish to become a leader within APEC, displacing the United States which until the present was the leader of the group?

[Murayama] So far in APEC, the presiding country has demonstrated leadership. In Seattle, we established a vision of the Asia-Pacific and in Bogor, Indonesia, we established the goal of free trade and investments and the opening of the Asia-Pacific area. The "agenda of action" is the first important step toward putting into practice such objectives. This year we must make APEC evolve from the "stage of ideas" to "the stage of action." Japan must demonstrate initiative in order to carry out the "agenda of action" which is equivalent to a road map that indicates the medium- and long-term goals, covering all sectors which every APEC member must head to reach our goal. I think that this is the meaning of the meeting in Osaka.

[EL MERCURIO] What is the role of "small countries" like Chile in the APEC?

[Murayama] I do not think that Chile is necessarily a "small country." Anyway, there are three important aspects being promoted at the moment: Maintenance and consolidation of democracy, economic recovery, and regional economic integration. Chile has obtained

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remarkable results in the three aspects and consequently Chile has become a country that can play the role of a bridge between Latin America and the Pacific.

Within the Latin American scope, Chile has officially joined APEC after Mexico. Japan and the rest of the Asia-Pacific countries value the stable economic growth and promising future of Chile, and we appreciate the just-mentioned role that will be played by Chile.

Our country and Chile have cooperated to keep up the dynamic development of the Asia-Pacific area and I hope that Chile will continue playing the most active role in the region.

[EL MERCURIO] How can Chile make its voice be heard in Osaka?

[Murayama] During the meeting held last year in Indonesia and during the preparation process before the meeting in Osaka, Chile, as a full member, has already made a valuable contribution to the development of APEC.

"In this aspect we think that not only Japan but the rest of the members are impressed with Chile's deep understanding of oriental values and for its wish to strengthen relations with the Asia-Pacific area.

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Andean Parliament Adapts to Integration Goals

PY1711171695 Lima LA REPUBLICA in Spanish 29 Oct 95 p 4

[FBIS Translated Text] The Andean Parliament has adapted its statutes to the new challenges of integration among the countries of the region. This goal will be pursued by the Andean Integration System, which will be the new Andean Pact structure as of 1996. This structure was established by the summit of presidents in Quito, Ecuador.

The object of the Sixth Period of Special Sessions of the Andean Parliament, which took place in Lima on 17 and 18 October, was to change its own nature, content, and decisions.

Thus far the Andean Parliament, which gathers members from the congresses of Bolivia, Ecuador, Colombia, Venezuela, and Peru, has been ruled by the Cartagena Agreement.

Instead, the Andean Integration System will go beyond trade relations among countries. It will seek regional integration, said Andean Parliament President Victor Hugo Cardenas Conde, who is also Bolivian vice president and president of the Bolivian Congress.

The Andean Parliament members decided to harmonize their election systems with direct general elections, a goal that must be realized within five years, once the Andean Integration System is installed during the next Andean presidential summit, which will take place in Lima next March.

Cardenas, who conducted the session with firmness, acknowledged that integration among the Andean countries is making progress, as demonstrated by bilateral trade agreements, the free zone Peru granted to Bolivia, and the solution to the border conflict with Ecuador.

He said that the different work committees prepared draft bills that will be sent to the respective committees of the five Andean countries. These bills propose the eradication of violence against women, the modernization of congresses, the harmonization of the educational reform among the five Andean countries, the preservation of the environment, and an evaluation of the situation of the Indian peoples.

Regarding the modernization of their congresses, Cardenas announced to his colleagues that the Andean Parliament and the Latin American Parliament have signed an agreement to equip the central offices of their five congresses with computers. The proposal to work jointly to solve the drug trafficking problem was left for discussion during the next session, which will take place in Colombia.

Cardenas said that although the agreement to carry out a joint effort against drug trafficking was left for the next session, the congressmen agreed that it is important to harmonize the laws among the Andean countries in order to successfully face drug enforcement actions.

He expressed his hope that the Andean member countries will agree soon upon a framework law so as to stop drug trafficking and money laundering, which harm our countries so much.

He added that the next session will be held in the second week of December in Santa Fe de Bogota.

Just as agreements were approved, criticisms were also made against the organization "because it has not adapted to the changes that have taken place in the world." However, nearly all the participants congratulated the Sixth Period of Special Sessions for the results it attained.

Colombian Senator Julio Cesar Turbay labeled the session as positive "because this organization has been restructured so as to obtain practical results."

Territory for Indians

Ecuadoran Deputy Eduardo Villaquiran Lebed reported that one of the work committees approved a draft bill that envisages granting territory to and ensuring respect for the culture and tradition of the 12 million Indians who live in South America.

Villaquiran added that there are 42 million Indians in Latin America and 400 different ethnic groups, while there are 12 million Indians in South America who do not receive help from their governments.

He said that the Indians have paid with their blood and lives for the consequences of the last border conflict between Peru and Ecuador. This is why he expressed his desire that this kind of incident not be repeated and that the peoples live in peace.

Another bill that was approved deals with the mitigation and attenuation of natural disasters, so that when they take place, the Andean and Latin American congresses will work together in relief actions, taking into consideration the fact that the victims are always the poor and neglected.

The Andean Parliament also approved projects to obtain vaccines, to exercise traditional medicine, and to provide health care for teenagers.

The various different projects were drawn up by five working groups although the Andean Parliament proposal of institutional adaptation prevailed.

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When the session ended, the congressmen went to the Monterrico horse race track to attend the classic "Andean Parliament — Sixth Period of Special Sessions" race, which took place at 1700.

Governments Reach Accord on Limiting Military Power

PA1911233595 Mexico City NOTIMEX in Spanish 0008 GMT 18 Nov 95

[By Miriam Mercado]

[FBIS Translated Text] Tegucigalpa, 17 Nov (NOTIMEX) — After years of difficult negotiations, the governments of Central America reached an accord to limit the military power that prevailed in the region for decades. They intend to use this accord in reinforcing civilian institutions in these countries.

The deputy foreign ministers and deputy security ministers of the region here on 16 November approved after five years of negotiations the draft "Treaty on Democratic Security in Central America," with a view to controlling and limiting the number of soldiers and weapons.

Specialists consulted by NOTIMEX have considered this accord as a demonstration of political maturity and have termed it as a "historical instrument" that will guardedly bury the militarism that has prevailed in the region for decades.

The document is the result of difficult negotiations that have faced rejection from the military leaderships regarding the reduction of their respective armies and jeopardized the survival of the Security Commission, which consists of the aforementioned officials.

According to the document to which NOTIMEX has gained access, the governments of the area pledged to reduce their weapons and troops "through a reasonable balance of forces," as well as to readjust their respective military spending and the handling of weapons registries.

It establishes the periodical presentation of a confidential report on the composition of each army, installations, and armaments, including naval and air forces, that will be delivered to the Security Commission.

In addition, it prohibits Central American governments from using their territory to attack other states, the establishment of organized crime, or giving refuge to irregular forces.

During the last decade, Honduras allowed approximately 12,000 Nicaraguan counterrevolutionaries who attempted to overthrow, with U.S. support, the then in office Sandinist regime in Nicaragua to establish themselves in its territory.

The draft treaty stated that any attack from an extraregional state against the territorial security of a Central American country will be considered an act of aggression against other countries of the isthmus.

It included the commitment to notify countries of the region in advance of any military maneuver with the participation of more than 1,000 soldiers, foreign forces, parachutists, helicopter gunships, or naval forces within 30 km of the neighboring country.

Although the document still must be approved by the foreign ministers of the area who will meet on 24 and 25 November on Contadora Island (Panama), it reflects the political will of governments to overcome periods of terror and mourning.

The name of Contadora was adopted by the group consisting of Mexico, Colombia, and Venezuela, whose efforts prevented the regionalization of the war in Central America.

Should it be approved by the foreign ministers, the presidents must ratify it in their upcoming regional summit to be held in the city of San Pedro Sula, Honduras, in December.

Gone are the times of military alliances of the 1970's and 1980's when the Armies of Honduras and Guatemala participated in joint maneuvers with the Nicaraguan Army to protect the dictatorship of General Anastasio Somoza in Nicaragua.

The draft treaty establishes that "the peaceful solution of problems must replace force to resolve controversies." Nevertheless, the only conflict remaining in Central America, the Guatemalan conflict, is difficult to overcome, and Guatemalan representatives demand that to proceed in the demilitarization effort, "the internal situation of each state must be taken into account," according to sources close to the meeting.

The Armies of El Salvador and Nicaragua have been drastically reduced, but Guatemalans refuse to downsize their Army under the premise that a guerrilla force has been in their territory for more than 35 years, sources added.

The treaty highlights that "the human factor is inseparable from democratic security, and it is a requisite for the respect of the [word indistinct] dignity of the human being and the improvement in his standard of living."

The enforcement of the treaty will allow Central America to end years of fratricidal confrontation and to

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change them for years of "cooperation," as the document states.

MOMEP Extends Presence in Border Region Until Feb

PY1711180895 Madrid EFE in Spanish 0230 GMT 17 Nov 95

[FBIS Translated Excerpt] Quito, 16 Nov (EFE) — The Military Observers Mission for Ecuador and Peru (MOMEP) has decided to extend until February its presence on the Ecuadoran-Peruvian border, which, in February of this year, was the site of an undeclared war, the third in the last 50 years.

During a closed-door meeting held at the Brazilian Embassy in Quito, MOMEP members (military officers from Argentina, Brazil, Chile, and the United States) also decided to raise from two to four the number of Ecuadoran and Peruvian officers who are members of the mission. This will take effect on 19 November.

MOMEP members justified the first decision in view of the need to safeguard and consolidate the pacification process undertaken by the two countries after the war waged along a strip of their common Amazon border that lacks border markers, which also has to do with the second decision.

During the meeting, MOMEP members reviewed the pacification process in force — it is yet to be determined when and how Peruvian and Ecuadoran officials will conduct direct negotiations to "close" the gap in the border line. They also reported that there have been no incidents, not even isolated incidents like the ones that occurred after the end of the war waged from 26 January to 28 February.

Minutes before the issuance of both resolutions, in a statement to "Radio Quito," General Cesar Duran, the Ecuadoran liaison officer for the peace negotiations, said that the binational peace process is advancing along the "right path."

He said: "We are on the right path. We have achieved a sufficient level of trust, and hope that within the framework of future negotiations, justice will be carried out regarding Ecuadoran territorial rights."

Duran noted that Article 6 of the Itamaraty (Brazilian Foreign Ministry) agreement states that "once sufficient measures of confidence are achieved," those issues directly pertaining to achieving a definitive solution to the territorial dispute must be discussed.

He added: "We are currently engaged in implementing all possible measures of confidence so that we may hold (direct) negotiations without any complications. [passage omitted]

Argentina, Uruguay Ratify Ouro Preto Protocol

PY1711185095 Asuncion ULTIMA HORA in Spanish 16 Nov 95 p 35

[FBIS Translated Text] Mercosur [Common Market of the South] has achieved full legal status. It is now economically and legally constituted and has the capacity to negotiate with other countries and international blocs. Yesterday Argentina and Uruguay deposited the documents ratifying the Ouro Preto Protocol.

This protocol gives Mercosur the legal status necessary to negotiate internationally, Foreign Minister Luis Maria Ramirez Boettner said after signing the act certifying the presentation of the documents at the Foreign Ministry. The act was also signed by Ambassador Nestor Enrique Ahuad, representing Argentina, and Fernando Bouza, representing Uruguay.

Ambassadors Ahuad and Bouza were the couriers of their respective countries' instruments ratifying the Asuncion Treaty Additional Protocol on Mercosur's Institutional Structure, or the "Ouro Preto Protocol."

The ambassadors thus fulfilled what is established in Article 48 of the protocol: "This protocol is part of the Asuncion Treaty; it will have an indefinite duration, and it will enter into effect 30 days after the depositing of the third instrument ratifying it. This protocol and the instruments ratifying it will be deposited before the Government of the Republic of Paraguay."

Therefore, the Ouro Preto Protocol will enter into effect in 30 days, or on 15 December, now that Argentina and Uruguay have deposited the instruments ratifying it. Only Brazil has not yet ratified the protocol. It is expected that the Brazilian Government will do so in the next few days.

With the EU

Foreign Minister Ramirez Boettner stressed the Ouro Preto Protocol will enter in effect just in time to sign the inter-regional free trade framework agreement with the EU in Madrid, Spain in December. The foreign minister recalled that the Ouro Preto Protocol establishes definitive Mercosur organs (Commerce Commission, Administrative Secretariat, Common Market Group, Common Market Council, among others). The protocol also establishes Mercosur's international solidarity, and stresses that all decision in the bloc, comprised of Argentina, Brazil, Paraguay, and Uruguay, must be approved unanimously. "It is a strong support for Mercosur's realization. This completes Mercosur's juridical scheme, and

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we are now ready to negotiate with the EU," Ramirez Boettner said.

With Equal Weight

Argentina's ambassador in Paraguay, Nestor Enrique Ahuad, said that now Mercosur can negotiate on equal footing and with equal strength with other blocs such as the EU. Ahuad also stressed Mercosur's importance as an organ capable of generating well-being for member states' peoples. Uruguayan Ambassador Fernando Bouza said the legal status gave Mercosur "the necessary title" for international negotiations. Ahuad, Bouza, and Ramirez Boettner agreed that this is one of the most important steps for the consolidation of the commercial, political, social, and economic bloc.

Amazon People Charge Brazil's Cardoso With 'Final Genocide'

PY1411204595 Madrid EFE in Spanish 0018 GMT 10 Nov 95

[FBIS Translated Text] Quito, 10 Nov (EFE) — Indigenous organizations of the Amazon basin today charged the Brazilian Government with planning to repeal the decree that enabled the demarcation of the territories of Brazilian indigenous people in the Amazon region, and action which they describe as a "final genocide."

Valerio Grefa, general coordinator of the Coordinating Board of Amazon Basin Indian Organizations (COICA), with headquarters in Quito, told EFE that Brazilian President Fernando Henrique Cardoso's decision "will not only destroy the jungle but also cause the exodus and destruction of the villages of over 200 ethnic groups that populate the Brazilian Amazon region."

Grefa said that Cardoso "is about to repeal the decree that demarcated the territories of most of the 250,000 Indians that populate the Brazilian Amazon region."

He said such a decision presupposes "the revision of already-demarcated territories, allowing the allocation of part of this land to companies or individuals for exploitation."

He added that the Brazilian Government has already said that about 20 million hectares will be affected by this decision, and that this "presupposes the invasion and alienation of the fundamental rights of Indian peoples."

He said that by doing this the Cardoso administration "is carrying out its plan to eradicate indigenous people by 2000. These people will cease to be Indians and become part of the belt of extreme poverty or part of a third-class society without any identity."

Grefa said Cardoso is "like a 21st century Francisco Pizarro [Spanish conquistador], who governs a country of 130 million people with the most unfair distribution of wealth in all Latin America, in keeping with the demands of the Armed Forces, mining and lumber companies, and large Brazilian landowners."

He stressed that depriving the Indians of their territories will not affect the large landowners, and that the repeal of the decree will legalize "the land invasions perpetrated by the gold prospectors, cattle ranchers, and all sorts of adventurers, which will result in new massacres in the largest jungle in the world."

Grefa also criticized the government plan of putting the border area under the control of the Armed Forces because this will allow "the military to conduct their own business transactions with the mining and lumbers reserves in the region."

Grefa said indigenous groups from Bolivia, Peru, Ecuador, Suriname, Venezuela, Colombia, French Guyana, and Guyana, are drafting protests to be submitted to Brazilian Embassies, and that COICA will submit a protest before the World Alliance of Indigenous Peoples.

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Cuba

Raul Castro Discusses Talks With U.S.

PA1811044095 Havana PRENSA LATINA in Spanish 0319 GMT 18 Nov 95

["Raul Castro: Cuba Would Negotiate With U.S.A. Only Without Conditions": PRENSA LATINA headline]

[FBIS Translated Text] Havana, 17 Nov (PL) — Raul Castro, minister of the Revolutionary Armed Forces, has reaffirmed that Cuba would negotiate only without conditions with the U.S. Government, whose policy, he said, still uses very hostile instruments.

Speaking at a ceremony on the occasion of the 33rd anniversary of Military Counterintelligence [Contrainteligencia Militar — CIM], Raul Castro cautioned that laws such as the Torricelli law combine "openly hostile" means and "supposedly peaceful ties" to overthrow revolutionary power and "impose a made-in-Washington model."

After referring to the difficult economic situation the island has endured since 1990, when the socialist camp collapsed, Raul Castro, who is also vice president of Cuba, denounced initiatives promoted by the United States during the current five-year period to prop up the economic, commercial, and financial blockade against the Caribbean nation.

This line of action is aimed at producing a situation of social upheaval to justify "from the point of view of the empire" a military intervention in Cuba, something that became evident, he said, the moment the Soviet Union began to have internal problems.

In Miami, he recalled, counterrevolutionary emigrants began "fixing their bags" to return to the island and spoke about the "final hours of the revolution" and went as far as requesting three days with license to kill.

After noting that in view of the situation, the Communist Party convoked the people to resist, Raul Castro expressed that at the end of 1993 "the collapse" of the predictions began to become evident, since then there is renewed interest in changing the forms and the ways to put an end to the current social process.

In November of that year, Alexander Watson, assistant secretary of state for inter-American affairs, spoke for the first time of track two of the Torricelli law (taking the name of the congressman who promoted it) being the best policy for Havana, Raul Castro said.

The vice president explained that portion of the law calls for measures that would facilitate ideological penetration "with the clear intention of gradually dismounting socialism from within." The other face, or track, establishes norms that tighten the siege around the island, he explained.

Afterward, Raul Castro said that the authorities and the people are willing to respond efficiently to the Torricelli challenge and urged the use of accumulated experience in the struggle against U.S. aggression, to "carefully combat the platform of diversionary character."

The FAR minister recalled that studies by U.S. military institutions, a recent speech by President William Clinton, and statements by high-level White House and State Department officials agree that rapprochement with Havana would be part of the strategy.

The planned measures are those carried out in Eastern Europe: Support the so-called independent groups and "certain nongovernment organizations," encourage a multiparty system to fragment people's unity, a market economy, and the exchange of ideas "in spheres selected by them," Raul Castro mentioned.

Likewise, Castro mentioned as stratagems the development of personal communications and the special treatment of the FAR and Interior Ministry, "everything with the intent of ideologically undermining us from inside, in such a subtle way that it is difficult to oppose them with success."

When commenting on the recently announced provisions to do with Cuba, by Clinton, Raul Castro noted that these provisions are in full agreement with those plans, because the fundamental aspects of the blockade have not changed substantially and are directed toward social sectors considered the most vulnerable.

The United States, he said, expects deformities to appear in spheres to do with "the country's superstructure," a moral weakening and corruption, and tries to get the idea to predominate that it does not intend to militarily attack the island to "disarm the fighting spirit and awareness."

After stressing that struggle conditions are currently different than those of the past 36 years, because they wage a silent war, the first Cuban vice president urged strengthening the role of the Communist Party of Cuba "as a leading and cohesive vanguard of all patriotic forces."

In this battle, he said, state security organizations will have to occupy a very important place, especially now, he added, when the CIA proclaimed that Cuba constitutes an intelligence priority and the Pentagon plans to broaden its espionage abroad.

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Commentary Views Raul Castro's Speech on Counterintelligence

PA2011000495 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Nov 95

[Commentary by Orlando Contrera from the "Doing Radio" newscast]

[FBIS Translated Text] The key aspects of the speech by Army General Raul Castro, Cuba's second secretary of the Central Committee of the Cuban Communist Party and minister of the Revolutionary Armed Forces, commemorating the 33d anniversary of the creation of military counterintelligence are comprised in this commentary prepared by Orlando Contreras:

[Contreras] The United States has failed in its attempt to topple socialism in Cuba as has happened in Eastern Europe, despite the brutal intensification of the blockade, and Cuba began experiencing as of 1990 the most difficult period of the Cuban Revolution. At the end of 1993, the U.S. Government recognized this failure, but Cuba did not collapse. This point is when a renewed interest in changing the ways and means to put an end to the revolutionary process in Cuba was perceived in official U.S. circles.

In November 1993, Alexander Watson, U.S. assistant secretary for inter—American affairs, began talking about the so-called track two of the Torricelli Law; that is, ideological infiltration along with other harsh measures, including the intensification of the blockade to topple Cuban socialism from within.

Our first duty—and there cannot be the slightest doubt about this point—is to clarify that the U.S. Government is determining its policy on relations with Cuba and that we will never accept it as a basis for a negotiation. We will only agree to negotiate if no conditions are imposed. This last paragraph is a textual quote from General Castro's speech. The previous paragraphs are a commentary on the speech, in which he tackles this vital topic for the nation's security.

This speech by Raul Castro calls for strategic considerations, because it deals with the survival of the entire nation, the paths to face an enemy that has not forgotten its plans and actions to destroy us. Considering the risks involved in any paraphrase, I believe I see in Castro's remarks the following key ideas: Cuba will never talk to the United States under the pressure of any condition. If a dialogue does take place someday, it will be under terms of sovereign equality and without any condition that undermines the dignity of the Cuban nation.

A U.S. strategic operation is under way to try to dismantle Cuban socialism from within. The intensification of the blockade seeks to create an extremely difficult situation, which, according to the empire, will generate a social outbreak justifying a military intervention in Cuba. The enemy is pursuing the same old, anti-Cuban objectives, but it tends to vary the methods of this quiet war. The Cuban nation cannot remain apathetic in light of these actions, because apathy is fatal in fights of this sort.

Cuba, according to public statements by the CIA director, occupies a foremost position among this intelligence agency's priorities. As for our disposition and conduct, it is also critical for us to prepare ourselves for the coming struggle. Any evidence of any moral shortcoming, corruption, duplicity or double standards, and political naivete can be capitalized by the enemy under specific circumstances.

Vice President Discusses Foreign Minister's Remarks

PA1711220695 Havana PRENSA LATINA in Spanish 2245 GMT 16 Nov 95

[FBIS Translated Text] Madrid, 16 Nov (NOTIMEX) — Vice President Jose Ramon Fernandez said today that Foreign Minister Roberto Robaina's statement that "Castro is replaceable" refers to the existence of a new generation that holds posts of leadership and is preparing for the future.

"What he has meant, in my opinion, is what we see as a generalized criterion, namely, that there is a new generation of Cubans who are prepared and who hold posts, and that some day, this change will take place as is the law of nature," Fernandez said.

"We would all regret the absence of comrade Fidel, who is the author, the leader, the one who has steered the ship during difficult times, who has done everything possible to go forward, and whom the Cuban people truly love," Fernandez added.

"That is different from the idea that he is perfectly replaceable. I believe we must see this when the time comes, and let us hope it will take a long time," Fernandez stated.

During a news conference offered today by the Cuban vice president and Spanish Foreign Minister Javier Solana, the two officials stated their confidence that a cooperation agreement will be soon reached between the European Union [EU] and Cuba "to promote the development" of the Caribbean island.

Concerning the prospects of EU-Cuban relations, Fernandez noted that the recent visit by the EU troika (France, Spain, and Italy) not only led to establishing points of agreement, but also to tackling differences in an atmosphere of mutual respect.

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"There are aspects that cannot be resolved in one day or in one meeting; they require analysis and discussion," he stated.

"But I am optimistic that solutions will be found and that the (cooperation) agreement will be signed, because I believe this agreement is of mutual interest and the interest of the entire Ibero-America," added the vice president.

Cuba is the only Latin American country that has not signed a cooperation agreement with the EU.

The EU has limited its relations with Cuba to a $15-million humanitarian aid package, although several of its member countries have invested capitals in Cuba.

Fernandez also tackled the current state of relations with the United States, and remarked that "there has not been any change nor any improvement in the past years with the government, with the administration of (President William) Clinton."

"I believe that the U.S. media is obtaining more reliable information, better understanding and reflecting Cuba's current situation," Fernandez added.

Vice Foreign Minister Cited on Talks With EU Group

PA2011042195 Havana PRENSA LATINA in Spanish 2130 GMT 16 Nov 95

[FBIS Translated Text] Havana, 16 Nov (PL) — Vice Foreign Minister Isabel Allende said here today the recent talks between Cuba and the European Union took place with absolute respect and without conditions from that Old World group.

Allende told PRENSA LATINA that the talks with the Union were broad and that although many matters were discussed and the points of view did not always coincide, the dialogue always took place in a climate of total respect, she insisted.

Allende's comments on the talks with a "troika" European Union delegation that was here last week were made during the second day of sessions of the "Cuba and the European Union" international seminar at the Melia Cohiba Hotel in this capital.

Political and professional personalities of Cuba and Spain also are participating in this forum. Among the Spanish personalities was Guillermo Gortazar, a Popular Party deputy who said an understanding between the island and the European Union is impossible as long as the local authorities do not implement profound political transformations.

Gortazar suggested, among other conditions, the release of people punished in Cuba for counterrevolutionary activities and the allowing by Cuba of opposition organizations.

In this regard, the vice minister said not all members of the Union think the same way and noted that quite a few members of the Union have told the Cuban side that social achievements must be maintained regardless of what changes are made in this country. Thus, she said, I think it would be an exaggeration to start saying as of now that some party of the Old World will oppose a possible Cuba-European Union agreement, especially when that association has established agreements with countries that have bigger and much more serious problems than those we could have in our country.

At the same time, she added, it is worth recalling that Cuba has secured moderate growth without European Union cooperation, a cooperation that would undoubtedly facilitate the current process of reforms on the island, she said.

More than a dozen guests—experts of international policy, the economy, journalism, and other social sciences—participated in the discussions that took place during the seminar on Cuba-European Union relations.

Foreign Minister Concludes Visit to Venezuela

PA1711181495 Havana PRENSA LATINA in Spanish 2320 GMT 16 Nov 95

[FBIS Translated Text] Caracas, 16 Nov (PL) — Today, Foreign Minister Roberto Robaina concluded here his official three-day visit to Venezuela, during which both countries agreed to promote bilateral relations in all sectors.

In the last day of his visit to Caracas, Robaina visited the state of Guayana, in eastern Venezuela, where he toured El Guri Hydroelectric Plant, and talked to its directors and workers. Of the latter, several will provide advice in Cuba for the construction of a similar plant on the Toa River, in eastern Cuba.

Robaina was also welcomed by the president of the Venezuelan Guayana Corporation (CVG), who, along with a group of directors of the leading companies, discussed the implementation of agreements signed in Caracas during this visit.

The heads of Ferrominera, Bauxiven, and Alcazar — all subsidiaries of CVG —will constitute a group of businessmen of the energy sector to visit Cuba next month. PDVSA (Venezuelan Petroleum Inc) will also be part of this group.

Before this visit by energy sector representatives, the group of debt and investments — led by a vice president

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of the Central Bank of Venezuela — is scheduled to visit Cuba to discuss aspects of Cuba's debt with Venezuela. A group of trade experts will also visit the island prior to the visit by energy sector representatives.

The tour through Guayana and the immediate activation of the Cuban-Venezuelan joint working groups have had broad repercussions in the press, which published today new interviews of Robaina with local and national television stations.

Robaina offered a reception in honor of Venezuelan Foreign Minister Miguel Angel Burelli. Several members of the cabinet, prominent business leaders and academicians, and numerous members of the Cuban revolution attended this reception.

Robaina's visit to Venezuela enabled him to explain and offer firsthand information to the Venezuelan authorities regarding the transformations Cuba has made in its economy and the prevalence of the Socialist path chosen by the Cubans.

In addition, the meetings held here with President Rafael Caldera, several ministers, and other authorities, as well as the agreements signed and the numerous interviews granted to the domestic and foreign press are considered to be a major incentive for relations between Cuba and Venezuela.

Observers also believe that these events represent a new step forward in strengthening all types of relations between the two countries. [Havana PRENSA LATINA in Spanish at 0644 GMT on 17 November in a 300-word Caracas-datelined report adds: "The process to broaden commercial ties will continue in Havana with an official visit by Foreign Minister Burelli in the first quarter of next year, and with the working groups created during the fourth meeting of the political consultation mechanism. The Venezuelan foreign minister will be accompanied by many businessmen and leaders of the Venezuelan Federation of Associations and Chambers of Commerce and Industry, who are interested in exploring investment opportunities in Cuba."]

Vice Trade Minister Signs Accord With Ukrainian Counterpart

PA2011014995 Havana PRENSA LATINA in Spanish 1645 GMT 17 Nov 95

[FBIS Translated Text] Kiev, 17 Nov (PL) — The first session of the Ukraine-Cuba Joint Intergovernmental Commission concluded in this capital today with the signing of a protocol on developing economic-commercial agreements in 1996.

Igor Podolev and German Amado-Blanco, first vice trade ministers of Ukraine and Cuba, respectively, and cochairmen of the commission, signed the document. This document establishes the study and implementation of various joint projects in areas such as energy and public health.

The document also stipulates that the construction of machinery, electronics, and tourism are among the prioritized areas of bilateral relations in the coming year.

As part of the official program of the Ukraine-Cuba intergovernmental group on economic and scientific-technical cooperation, the authorities of the two countries inaugurated the new facilities of the joint enterprise Lybid Inter, which will target skin disorders.

A clinic in this capital offering ambulatory medical-commercial services and a sanatorium in the outskirts stayed open in light of the presence of local prominent individuals, the Cuban vice trade minister and Cuban Ambassador to Ukraine Sergio Lopez.

During the talks, the parties agreed to hold the second meeting of the intergovernmental commission in Havana in the fall of 1996, a spokesperson from the diplomatic mission told PRENSA LATINA.

The negotiations in this city began on 14 November with plenary sessions by work groups in approximately 20 Ukrainian ministries and institutions.

Vice Trade Minister Amado-Blanco completed a busy agenda of meetings with Ukrainian officials, including meetings with Dmitri Tabas'nik, head of the presidential administration, Deputy Prime Minister Petro Sabluk, and Vice President of the Parliament Oleg Diumen.

Council Vice President Meets With Spanish Prime Minister

PA1911011795 Havana PRENSA LATINA in Spanish 1319 GMT 17 Nov 95

[By Aurelio Martinez]

[FBIS Translated Text] Madrid, 17 Nov (PL) — In a special audience, Spanish Prime Minister Felipe Gonzalez today welcomed Jose Ramon Fernandez, vice president of the Cuban Council of Ministers, who concluded an official visit to Spain.

In this friendly meeting, which took place at the Palace of Moncloa, Fernandez conveyed to Gonzalez [words indistinct] Fidel Castro and its recognition for Spain's support at various international fora.

After discussing various topics of bilateral interest, Prime Minister Gonzalez stated his government's willingness to continue intensifying relations between the two countries and sent warm regards to the Cuban president.

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Jorge Quesada, charge d'affaires of the Cuban Embassy in Madrid, also attended the meeting.

In a statement to [words indistinct], Fernandez described his exchange with the Spanish leader, who has an old friendship with Cuba, as very warm and useful.

During his tour, Fernandez also met with Foreign Minister Javier Solana and the highest authorities of the various Spanish regions.

Fernandez added that during his meetings with the presidents of the autonomous communities of Galicia, Castilla-La Mancha, Canarias, and Andalucia, as well as the numerous meetings with other prominent individuals from those regions, expressions of friendship and solidarity with the struggle being waged by the Cuban people were stressed.

Economic Report Adopts IMF Guidelines

MS2011115095 London FINANCIAL TIMES in English 20 Nov 95 p 4

[Report by Pascal Fletcher: "Cuba Uses IMF Guidelines in Economic Report"]

[FBIS Transcribed Text] Havana — Cuba, moving to re-start talks with western creditors, has produced the first detailed statistical report on its economy in five years, using International Monetary Fund guidelines to compile previously unpublished balance of payments figures.

The 35-page document was presented by Mr Francisco Soberon Cuban, central bank head, to the island's main government and private bank creditors in September, during visits to Japan, France, Canada, Britain and Spain for exploratory talks on Cuba's convertible currency debt.

The report puts this total debt at $9.1b at the end of 1994. However, its novelty lies in the publication for the first time of balance of payments figures using IMF-recommended methods instead of the old accounting system used by Cuba when it was a member of the defunct Soviet-led Comecon trading bloc.

The document announces an improvement in Cuba's current account from 1993 to 1994. It shows the deficit on the current account reduced from $371.6m in 1993 to $81.3m in 1994, and attributes this to an increase in exports and a rise in net current transfers, mostly comprising income from "donations and remittances", the latter from Cubans living abroad.

Presentation of the new statistical data, which had been specifically requested by creditors, forms part of a concerted public campaign by the Cuban government to bolster confidence at home and abroad about the prospects of economic recovery. Cuban leaders have announced advances in macroeconomic policy and upbeat economic growth predictions - 2.5 per cent forecast for 1995 in recent weeks.

The government, which acknowledges its finances are badly squeezed by a heavy reliance on short-term, high-interest external financing, is desperate to gain access to medium- and long-term credits. Cuba has been starved of such credits since debt talks with Paris Club creditors stalled in 1986, a situation worsened by the collapse of Soviet bloc trade and aid after 1990 and by a continuing U.S. economic embargo that blocks financing from multilateral bodies such as the IMF and World Bank.

Havana-based diplomats said Cuba's Paris Club creditors were now digesting the new Cuban statistical information. "This presentation of information is the first step towards a dialogue," one senior European diplomat said.

Basic Cooperative Production Units Hold Workshop

PA1911013695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 13 Nov 95

[From the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] The National UBPC [Basic Cooperative Production Units] Workshop was held in the province of Ciego de Avila. The efficiency and profitability of UBPC's as well as legal and economic advice to these organizations were among the topics discussed. Here is Nestor Labrada with a report:

[Labrada] The autonomy of the UBPC's is contingent upon the extent of their profitability, which depends on the economic and productive efficiency of their members. This statement was made at the National UBPC Workshop held in Ciego de Avila. One of the participants defined the concept as follows:

[Unidentified speaker] "Autonomy is obtained and earned, as I have said before, by fulfilling plans and by being respectful and efficient."

[Labrada] Agriculture Minister Alfredo Jordon has stressed this topic in the speech he gave at the workshop.

[Jordon] "The concept of efficiency must lie at the center of any revolutionary activity. Without efficiency, we will be unable to resolve this country's problems."

[Labrada] The participants agreed during the debates to increase the economic and legal advice to UBPC's so as to improve their productive results. Much of the inefficiency registered in UBPC's is due to unfamiliarity

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with the laws and accounting. To help in this regard, groups of economists have been formed and are already working in UBPC's:

[Unidentified speaker] "The most significant aspect is that we are taking steps so that the administration boards can use the economic-financial analysis to make decisions and to increase agricultural results and yields."

[Labrada] Approximately 300 delegates have participated in the National UBPC Workshop, sponsored by the National Association of Cuban Economists. Cienfuegos will host the coming UBPC workshop that will be held in November 1996. Members of agricultural production cooperatives and individual farmers will participate in this workshop for the first time.

Roundup of Politburo Members' Activities

PA1711150395

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 17 November.

Jose Machado Ventura, member of the Politburo of the Communist Party of Cuba, PCC, toured most of the sugarcane processing plants in Sancti Spiritus. He evaluated the current sugarcane harvest positively and said the sector is recovering slowly. (Havana Cuba Vision Network in Spanish 0100 GMT 10 Nov 95)

Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces of Cuba, and Candido Palmero, first secretary of the PCC in Havana province, attended an act at Cacahual to commemorate the 20th anniversary of Angola's independence. High-level officials awarded Cuban soldiers who fought for that country's independence. (Havana Radio Rebelde Network in Spanish 1800 GMT 11 Nov 95)

PCC Politburo member Alfredo Jordan Morales met with tobacco workers in Sancti Spiritus province. This province is the first to finish hiring the necessary laborers to guarantee the tobacco harvest. Jordan stressed the importance of the labor contract between workers and the government. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Nov 95)

Revolution Commander Juan Almeida Bosque placed a wreath on the statue of Enrique Castillo in Camaguey today. Castillo composed the anthem for the Cuban independence movement on 15 November 1895. (Havana Radio Rebelde Network in Spanish 1800 GMT 15 Nov 95)

Top Cuban labor leader Pedro Ross Leal attended a ceremony to inaugurate the working groups that will prepare the 17th Labor Congress that will be held from 27 to 30 April 1996. Ross Leal spoke at the event and said that the groups will work to have the most thorough exchange of ideas and participation to strengthen the democratic exposure of the meeting. (Havana Radio Rebelde Network in Spanish 1800 GMT 15 Nov 95)

Ricardo Alarcon de Quesada, the president of the National Assembly of the People's Government (ANPP), stated in Havana, that the U.S. policy against the island can be described as genocidal because it wants to get the people — who were not even born when the revolution triumphed in 1959 — to surrender from hunger. Alarcon spoke to the more than 200 national and foreign delegates attending the Crime Against Humanity and its Influence on Peace international forum. The National Assembly President said the U.S. Helms-Burton initiative is just another attempt by the United States to control Cuba. (Havana Radio Havana Cuba in Spanish 0000 GMT 15 Nov 95)

ANPP President Ricardo Alarcon de Quesada said the Latin American Industrial Engineering Students Congress, which is being held in the island, is an academic event that also serves to express solidarity with Cuba. (Havana Radio Havana Cuba in Spanish 0000 GMT 16 Nov 95)

Haiti

Former Prime Minister Accepts Candidacy

PA1711164395 Port-au-Prince Signal FM Radio in French 1130 GMT 16 Nov 95

[From the "Waking Up Newscast"]

[FBIS Translated Text] Former Prime Minister Rene Preval was officially designated yesterday as the candidate of the coalition supporting President Jean-Bertrand Aristide and the Lavalas Political Platform [LPP] for [illegible] residential election of next 17 December. Preval, [illegible] onomist by training and progressive militant, was [illegible] ne minister of President Aristide in 1991. Cur[illegible] rector of the Fund for Economic and Social Assistance, FAES, Preval was presented to the press at the Christopher Hotel by Jean-Baptiste Chavanes, leader of the Papaye Peasants Movement.

Chavanes said that the choice of the LPP was made by consensus between the political parties that there are members of this front including the Movement for the Organization of the Country, the Open the Gate Party, and LPP. According to Chavanes, Rene Preval is a militant who is always with President Aristide and the Haitian people.

For his part, the former prime minister and presidential candidate assured the Haitians of the recovery of

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the three years President Aristide had spent in exile. Rene Preval said that he had courageously accepted to campaign for the post of president of the Republic. He asserted that he relies on the support of the population, the various sectors of the national life, and President Aristide. Now, let us listen to Rene Preval.

[Begin Preval recording, in Creole] In the name of Fito, in the name of Claude Museau, in the name of Antoine Izmery and the others who died, we will not lose the three years and the other years of struggle for change. This is why I have accepted with courage and pleasure the high responsibility which is incumbent upon me today like we are used to accepting all sacrifices, like the Haitian people who are my model and who are used to accepting sacrifices. [applause] All posts [words indistinct] are posts of struggle. I have accepted today's sacrifice without trembling because I know the people are strong and staunch, because I know the 10th Department is strong and staunch, because I know the organizations, the people's organizations, the organizations such as the political parties, organizations such as the human rights organizations, the unions, the social and professional organizations are strong and staunch as to the struggle for change in the country. I have accepted this sacrifice because I know the Communal Section Administration Councils, the city halls, the deputies, and the senators are strong and staunch. I have accepted it with courage. I have accepted it with pleasure because I know Titide [Aristide's nickname] is strong and staunch. [end recording]

These were the statements made by former Haitian Prime Minister Rene Preval during a meeting held at the Christopher Hotel this week and during which he was officially designated to represent the LPP in the presidential elections.

Brutus Leaves Country To Escape Persecution

PA1811012195 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Text] The former president of the Haitian Chamber of Deputies has gone under cover. Duly Brutus left the country on 15 November for the United States in order, he says, to escape persecution from the authorities. According to informed diplomatic sources, Mr. Brutus left Port-au-Prince on 15 November for the United States under international protection and intends to seek political asylum there.

In a press release sent to AFP yesterday, Mr. Brutus denounced the stubbornness of the head of state against him, saying that the statement made by the president of the Republic on 11 November during the funeral of one of his close friends who was assassinated, Deputy Jean-Hubert Feuille, constitutes — in a national context of tension and crises — a serious threat against him and his family.

Mr. Aristide mentioned the case of a former deputy who was arrested by the Justice Department for having set fire to a polling station and who enjoyed the total support of the entire international community for his release. The former parliamentarian points out that his formation, the Nationalistic Progressive Revolutionary Party of Haiti, headed by socialist Serge Gilles, has always refused to countenance violence. He recalls as well his release in July 1995, following national and international pressure, after an imprisonment he describes as unjustified, and the threats and physical attacks that he and his father have been subjected to lately.

Government, UNMIH Discuss Transition, Security

PA1811192095 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Nov 95

[From the "Waking Up Newscast"]

[FBIS Translated Text] The Haitian Government, UN members, and representatives of the Friends of Haiti countries met on the afternoon of 16 November at the National Palace to discuss the country's current situation. The discussion focused on the transition after the end of the mandate of the UN Mission in Haiti [UNMIH], scheduled for 7 February 1996 — not the end of February, but 7 February 1996, according to reliable sources — and on Haiti's security needs in the period after February, but also during the elections. Speaking on this occasion, President Aristide stressed the importance of the disarmament program that he personally launched last week, while highlighting the support of the UNMIH members. It is good for us to sit around this table to talk and to see how we can together guarantee peace and democracy for Haiti, our continent, and the world, stated Aristide, who thanked the international community for their efforts in Haiti.

[Begin Aristide recording] [words indistinct] the disarmament program with your cooperation, which will lead us to security, peace, [words indistinct] and, at the same time, we are exploring the road of the future. May this peace reign not only today but also after my departure. It is good for us to sit around this table to talk and to see how we can together guarantee peace and democracy for Haiti, our continent, and the world. I make it a point of encouraging you, because the future of our country and our planet is at stake. I also make it a point of encouraging you and thanking you for the efforts you

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have already made and the steps taken to move together toward this new land. [end recording]

This was the short speech of Haitian President Jean-Bertrand Aristide at the opening of this meeting. The meeting will continue behind closed doors, and its conclusion is not yet known. The people at this meeting were: Lakhdar Brahimi, special representative of the UN secretary general; U.S. Ambassador William Lacy Swing; French Ambassador Philippe Seltz; Canadian Ambassador Francis Filleul; several members of the Haitian ministerial cabinet; Leslie Voltaire, head of the cabinet of President Aristide; Fritz Longchamp, minister of foreign affairs; Rene Magloire, minister of justice; and Pierre Michel Sajous, president of the Provisional Electoral Council. We are awaiting the results of this tripartite meeting.

Manigat Not To Participate in Presidential Elections

PA1711223195 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Leslie Manigat will not participate in the presidential elections. Former Haitian Democratic President Leslie Manigat announced on 16 November that his party will not participate in the presidential elections, of which the first round is scheduled for 17 December in Haiti.

Explaining that these elections were prepared by the current power and its submissive Provisional Electoral Council, Mr. Manigat added in a press statement that his formation, the Assembly of Progressive National Democrats, RDNP, remains available to participate in truly free elections, as soon as the conditions and guarantees he has not stopped demanding until now are met within the electoral system and in the country.

National Police Search Homes, Seize Weapons

PA1711233795 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Text] Let us momentarily leave the electoral chapter to talk a little bit about disarmament. The national policemen have been working on this for some days. The homes of Patrick Vorbe and Dadou Larco were searched yesterday in Port-au-Prince by national policemen based at the Delmas 33 police station. A number of 12-gauge rifles, 9-mm guns, 45-mm guns, and boxes of cartridges were seized by the policemen who apprehended and took Messrs. Patrick Vorbe and Dadou Larco to the Delmas police station, we learned from police sources.

The defendants, who allegedly have specific permits to bear arms, are enjoying for the moment provisional freedom. They have to appear at the Delmas police station for the continuation, for the result of the matter, still according to our source, who pointed out as well the presence of a long sword found among the materials that have been seized.

In a strong position because of the decision to cancel permits to bear weapons, the police reserve the right to search everywhere else and to seize legal or illegal weapons, according to a policeman who wanted to remain anonymous.

CEP President Views Training of Electoral Officials

PA1711222595 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Nov 95

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] The Provisional Electoral Council [CEP] maintains its intention of holding presidential elections on 17 December, Pierre Michel Sajous reports. The CEP president says he has maintained the date scheduled for the holding of the upcoming electoral contest.

For the time being, the electoral institution is working on training people in charge of voting operations, he said.

Speaking during a news conference, Sajous confirmed that the CEP is structuring the Monitoring and Electoral Control Unit [USCE] with input from party leaders. The elections will unfold as scheduled on 17 December, according to the president of the CEP. [passage omitted]

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President Says Everything 'Different' From 1996

PA2011020495 Mexico City LA JORNADA in Spanish 17 Nov 95 p 3

[Report by Ismael Romero]

[FBIS Translated Text] The political and economic costs of the adjustments to the economy will be paid this year, and everything will be different starting in 1996, President Ernesto Zedillo told PRI [Institutional Revolutionary Party] legislators of the Grand Committee of the Chamber of Deputies.

The president met with the legislators at Los Pinos presidential residence on 15 November, and he told them, according to comments by some of the participants, that the electoral cost for the economic crisis was calculated and in no way will entail the disappearance of the PRI.

Zedillo reportedly insisted that the opposition parties took advantage of the crisis situation and said other political parties have acted "irresponsibly."

He said during the meeting the situation would have become catastrophic had his government not acted the way it did on economic matters.

The electoral risks that were always foreseen were no impediment to make the necessary adjustments, he said. He said the economic crisis of 1995 was the harshest in recent years. "We are like the swimmer getting close to the goal. This is the time when he feels tired, but we are not going to let up," he said.

Zedillo reportedly affirmed that the country's situation will be different once 1996 arrives. The short-term indebtedness will be over, and Mexico will be able to grow and move forward. In this regard, he asked legislators for their support in backing the initiatives he will send to Congress, such as the income law, fiscal miscellany (miscelanea fiscal), and the budget bill, as well as the Social Security Institute reforms.

According to several lawmakers, President Zedillo demonstrated he had a spirit of confidence, strength, and knowledge of what he plans to do.

President: Economy To Begin Growth Again in 1996

PA1911042695 Mexico City NOTIMEX in Spanish 2243 GMT 18 Nov 95

[By Georgina Sandoval]

[FBIS Translated Text] Osaka, 18 Nov (NOTIMEX) — President Ernesto Zedillo said today Mexico's economy in 1996 will demonstrate its firm basis and will grow again, financial and exchange markets will become more stable, and exports will continue to increase.

During an interview with the Japanese newspaper NIKKEI within the framework of the Third Summit of the Asia-Pacific Economic Cooperation [APEC] forum, Zedillo said his country next year will attain a balance in public finances and the balance of payments. "The Mexican economy has solid bases that will express themselves very positively during 1996," after the "strong economic adjustment" carried out in 1995 to deal with the balance of payment and financial crisis, he said. "Fortunately, the adjustment has been successful. Thanks to the financial bases developed during 1995, we expect 1996 to be a year of economic recovery," he added.

Zedillo said the Mexican currency's instability is a short-term occurrence, caused by the financial problem that started in late 1994 and whose immediate causes were corrected in 1995.

During the 20-minute interview, the only one he gave to a Japanese medium, Zedillo said the necessary measures to stabilize the currency are included in the 1996 economic program being debated in the Mexican Congress. "Mexico in 1994 experienced a large deficit in the current account of its balance of payment. This deficit, which was equivalent to 8 percent of the GNP, is now gone."

After noting that Mexico's economic program for 1996 contemplates a balanced current account, Zedillo said his country has reduced its short-term debt by a significant amount. He said Mexico "will again be on the path of economic growth, the financial and exchange markets will be much more stable, Mexico's economy will increase, inflation will be reduced substantially, and the balance of payment will improve. We intend to attain balanced public finances in 1996. We expect exports to keep increasing, which will make possible a restoration of the balance of the current account after temporary factors, which have diminished this year, had affected the financial markets."

During the interview with the Japanese newspaper, Zedillo also mentioned the "huge, additional growth potential" of all members of the organization. "Evidently, if we succeed in liberalizing trade and investment, this will represent a huge additional growth potential for all of our countries and economies. During the preceding decade, Mexico developed a deep structural change process, which includes the liberalization of trade and investment. Therefore, APEC's objectives fully coincide with those of Mexico. We will be able to obtain considerable benefit, but we will also share the benefits of the Mexican economy's future growth with the other countries of this organization."

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On the Action Agenda for Trade and Investment Liberalization, which the presidents of the 18 APEC member countries will sign, Zedillo said: "This is the effective continuation of the conclusions reached in last year's meeting in Indonesia. It was essential to move from the field of great objectives to the field of an action plan." Mexico and Chile are the only two Latin American APEC member countries. He added: "When the agenda is approved, the presidents will make a very important political commitment. I am certain each country when we meet in the Philippines next year will be able to approve its own particular action plan for the next years."

Regarding the relationship between NAFTA and APEC, Zedillo said: "The three NAFTA member countries are highly satisfied, because trade has increased in just two years." He concluded: "The NAFTA member countries believe in global trade and give it impetus through APEC. NAFTA's existence and the objectives we have outlined in APEC do not contradict each other, because the objective is the same; that is, free trade, free investment, economic growth."

President Leaves For APEC Summit in Osaka

PA1711160095 Mexico City NOTIMEX in Spanish 2054 GMT 16 Nov 95

[FBIS Translated Text] Torreon, 15 Nov (NOTIMEX) — President Ernesto Zedillo traveled to Japan today to participate in the third summit of the Asia-Pacific Economic Cooperation (APEC) held on 18 and 19 November in Osaka, Japan.

The president left for Osaka from this locality in the northern Coahuila State, where he took part in a working tour during which he announced investments of more than 1.8 billion pesos ($225 million) in the countryside.

He committed himself to finding true solutions for agricultural sector problems and underscored that united Mexicans will overcome adversity.

According to the schedule of this international tour, during his stay in Japan, Zedillo will hold bilateral meetings with at least seven heads of state attending the APEC meeting and with the host country's Prime Minister Tomiichi Murayama.

The president is expected to arrive in Osaka at 2200, Japan time, today.

The main goal of the summit, which will be attended by heads of state and government of 18 countries, is to analyze the implementation of specific actions to establish a free trade zone in the southern Pacific by the year 2020.

Diplomatic sources pointed out that "for Mexico and other countries, it is important to establish a free trade zone in the Asia-Pacific area, which has one of the world's most dynamic growth rates.

The Commerce Secretariat reported that the country's sales to nations of the Pacific basin increased by 38.3 percent during the first half of 1995 compared to the same period in 1994.

A secretariat report for this period indicated that exports totaled $33.918 million and imports $29.969 million, that is, a favorable balance for Mexico of $3.949 million.

Zedillo is expected to meet on 18 November with Australian Prime Minister Paul Keating, Phillipine President Fidel Ramos, New Zealand Prime Minister James Volger, and Canadian Prime Minister Jean Chretien.

On the same day, the president will meet with Malaysian Prime Minister Bin Mohamed Datuk Mahathir, Indonesian President Suharto, and Chinese President Jiang Zemin.

In the evening Zedillo will attend a dinner honoring APEC leaders hosted by Japanese Prime Minister Murayama.

On 19 November, the president will have breakfast and leave for the official meeting headquarters, "Osaka Geihinkan", where the official picture of attending leaders will be taken.

The APEC, an organization founded in 1989, will analyze topics such as trade, investment, and cooperation through three committees and 10 working groups, as well as an action plan to ensure that the economies of its members advance toward trade liberalization.

Zedillo's visit to Japan is his ninth international tour since assuming the presidency in December 1994.

Commerce Secretary Views APEC Importance

PA1811014995 Mexico City NOTIMEX in Spanish 1430 GMT 17 Nov 95

[Report by Gina Sandoval]

[FBIS Translated Text] Osaka, Japan, 17 Nov (NOTIMEX) — Herminio Blanco, Secretary of commerce and industrial development, today said that Mexico needs to deepen its relations with the Asian and Pacific region, because it is the fastest economic growing region in the entire world.

Interviewed at the conclusion of the ministers' meeting in the framework of the Asia-Pacific Economic Cooperation (APEC) Forum in this city, Blanco told NO-

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TIMEX that "this is the fastest growing economic region in the world, with which Mexico needs to deepen its relations."

He stated that "there is a great interest in Mexico to diversify our relations toward the east and toward the west and, above all, a great interest in opening more markets for our products."

"Evidence of this is the concurrent meeting to the APEC consultation that the Pacific Basin Economic Council is holding, which is attended by five Mexican businessmen, including Jaime Alatorre, president of the Mexican Investment Council and his associate Sergion Inclan," Blanco remarked.

Blanco praised the results of the APEC ministers' meetings and the agreement reached yesterday on the preliminary text of the Action Plan of the summit to liberalize trade and investment in Asia and the Pacific, scheduled for the year 2020.

"The great transformation and progress that has taken place within the organization should be pointed out," the secretary expressed.

"We represent 18 countries from different cultural, political, and economic backgrounds that have been able to reach a series of agreements and a work agenda consisting of three basic elements: Liberalizing and facilitating commerce and investment flows, as well as cooperation," the official added.

He stated that to achieve consensus and reaching these three objectives, 28 work groups were established; 15 dealing with liberalization and opening, and 13 dealing with cooperation.

"The result in such short period of time gives us a sense of gradual progress that will take us in the long term to expand trade within the region," Blanco explained.

"Mexico sees in APEC a lot of similarities with which, due to internal reasons, it has decided to do. The Mexican domestic agenda and APEC's Action Plan are similar," he stressed regarding the commitment of the 18 countries to liberalize trade and investment in the area.

Blanco will meet tomorrow, Saturday, with chief executives from Japanese corporations Mitsubishi, Mitsui, and Tojo and will attend some of the bilateral meetings President Ernesto Zedillo — who arrived a few hours ago in Osaka — will hold.

Zedillo will participate next Sunday in the signing of APEC's Action Plan and will meet with the presidents of China, Canada, Malaysia, Indonesia, Australia, the Phillipines, and New Zealand.

Foreign Secretary Gurria Cited on APEC Forum

PA1911023295 Mexico City NOTIMEX in Spanish 1251 GMT 17 Nov 95

[FBIS Translated Text] Osaka, Japan, 17 Nov (NOTIMEX) — Foreign Secretary Jose Angel Gurria said today the process of liberalization the Asia-Pacific Economic Cooperation (APEC) Forum will launch will be the most important one for the development of the organization.

In an interview with NOTIMEX at the end of the preparatory meeting for the summit of presidents slated for 19 November, Gurria said "APEC has moved on from being a vision, a concept, and an ambition of the member countries of an organization that is moving ahead."

The consultations, from their lowest level to the presidential summit, have "all been conducive to a process that is unparalleled, because the common element is the political will," he said.

He said the common element in this process is the political will of the countries involved, because there is no formal, legal document binding or compelling" the nations to comply with the agenda of action that will be signed on 19 November [no opening quotation mark as received].

"We hope that in the scheduled dates (for liberalization) stipulated in the Agreement of Bogor, this area will become an economic area in which goods, services, people, ideas, and technologies will flow freely so as to achieve a level of greater well-being for the people of the area," he said.

At the summit held in Bogor, Indonesia, in 1994, it was agreed the developed countries would complete their commercial and investment liberalization by the year 2010 and the developing nations by the year 2020.

"I have perceived a particular interest in the areas of (cooperation), education, and technology. Mexico will certainly host some of the future APEC technical meetings and, eventually, some of the ministerial meetings," he added.

Regarding Mexico's interest in the APEC economies at the ministerial level, Gurria said President Ernesto Zedillo, who will arrive tonight, will meet with the leaders of New Zealand, the Philippines, Australia, Canada, China, Indonesia, and Malaysia. He added that even though Zedillo will be unable to meet with Japanese Prime Minister Tomiichi Murayama, it has been planned that the president and Secretary of Commerce and Industrial Development Herminio Blanco will meet with their Japanese counterparts.

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"I will meet with Minister (Foreign Minister Yohei) Kono, and I have already met with (Minister of Industry and International Trade Ryutaro) Hashimoto," he said.

Gurria said: "We have a fairly important bilateral cooperation agenda" that includes "the Mexico-Japan XXI Century group project, which we will support, because we expect it to become the seed for a new type of relationship with that country."

Gurria added: "We also will talk about the possibility of organizing larger and better contacts with the private sectors of other countries. To achieve this goal, we are counting on regional organizations such as APEC and on multilateral forums such as the United Nations."

The sides discussed their positions on the Treaty for the Prohibition of Nuclear Tests, their common rejection of the nuclear tests by China and France, and the reforming of the UN Security Council.

Gurria will participate in the bilateral talks President Zedillo is expected to hold. The Mexican foreign secretary said he has talked with the foreign ministers of Canada, Chile, Australia, and New Zealand, and with U.S. Secretary of State Warren Christopher.

Regarding the crisis in the United States, with the closing of public services due to a dispute between the White House and Congress over the federal budget, Gurria said: "We all are watchful. This is a situation without precedent."

He said: "We all are a bit surprised about a legislative process for the approval of a bill that has led to the suspension of at least part of the government's own public services. We hope the situation returns to normal very soon."

Gurria said: "One realizes the importance of Finance Secretary (Guillermo Ortiz) presenting a draft budget bill that for the fifth consecutive year signifies a balanced budget."

Under Secretary Cited on Presence at APEC Forum

PA1911222495 Mexico City NOTIMEX in Spanish 2224 GMT 18 Nov 95

[Report by Georgina Sandoval]

[FBIS Translated Text] Osaka, 18 Nov (NOTIMEX) — Jaime Zabludovsky, Mexican commerce and industrial development under secretary, said today Mexico's presence at the Asia-Pacific Economic Cooperation (APEC) Forum [words indistinct] Mexican exporters in one of the world's most dynamic markets.

During a news conference held at the Nikko Hotel in Osaka, Zabludovsky stressed Mexico's participation in APEC, which has facilitated "an increase in the level of awareness by Mexican businessmen to the opportunities" available in the Asia-Pacific region.

"There are numerous business organizations," and some are even meeting parallel to APEC, such as the Pacific Basin Business Cooperation, the officials and agenda of which are interrelated with those of the APEC countries," Zabludovsky said.

Mexico's presence at the APEC Forum "will give us an opportunity to strengthen ties with the 17 other member countries and to open opportunities to Asian investment in our country," the Mexican official added.

The measures proposed in the Agenda of Activities the 18 heads of state and governments will approve "fully coincide with the economic reforms Mexico is undertaking and entails a commitment to take advantage of the dynamics and markets of the area," Zabludovsky said.

"Mexico is moving ahead toward that objective with the continuation of an economic reform as manifested by privatization, deregulation, and international trade negotiations," he added.

Mexico's participation in APEC also will allow "an opportunity to increase bilateral relations with other nations, and within the framework of the forum there will be technical bilateral meetings between the heads of state," the under secretary said.

Direct foreign investment in Mexico "during 1996 is being estimated at $5 billion," a considerable portion of which will come from APEC member countries, the commerce and industrial development under secretary said.

"Our country acknowledges the significance of flows of external capital as a fundamental element to complement internal savings so as to encourage and fund productive investment processes," the undersecretary said.

Zabludovsky described APEC's foundations as being "consistent with deregulation, opportunities, and cooperation" and highlighted the importance of "the voluntary effort each country would like to undertake toward deregulation, in accordance with its own domestic, economic, reform agenda."

According to the Mexican official, another trend in this process is the "concerted effort within APEC, and a third trend pertains to the acknowledgement "of the importance of the WTO."

In terms of opportunities, it encompasses "an agenda aimed at eliminating unjustified trade barriers, expediting customs procedures, and attempting to develop an

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agenda where all systems of normalization [sistemas de normalizacion] will be in line with each other," he said.

As for cooperation, Zabludovsky said "he acknowledges the importance, for example, of developing human resources, of technological transfers, as well as promoting small- and medium-size corporations."

Budget Bill Establishes 'Solid' Foundations for Recovery

PA1711181195 Mexico City NOTIMEX in Spanish 0441 GMT 17 Nov 95

[FBIS Translated Text] Mexico City, 16 Nov (NOTIMEX) — Mexican financial markets calmed down after economic agents received signals that firm foundations for recovery in 1996 do exist, stock market sources said here today.

Manuel Robleda, president of the Mexican Stock Market, said the turbulence experienced by the stock market "reached its peak, and signs of recovery are being felt."

The official said the revenue bill, the budget bill, and the Economic Policy Criteria for 1996, which were submitted to the Mexican Congress on 14 November, establish "solid" economic foundations.

The initiative submitted by Finance Secretary Guillermo Ortiz establishes, among other things, an economic growth of at least 3 percent, a 20-percent inflation rate, and an exchange rate of 7.70 new pesos per dollar.

According to the president of the Mexican stock market, the economic policies submitted by the finance secretary are consistent. That is why estimates for an economic recovery in 1996 are feasible.

High Interest Rates, Low Sales Bankrupt 10,000 Companies

PA1711203995 Mexico City LA JORNADA in Spanish 15 Nov 95 p 17

[Report by Armando Torres, Gerardo Rico, Ana Salazar, and Jorge Torres]

[FBIS Translated Text] High interest rates and low sales have bankrupted more than 10,000 Mexican companies and left more than one million Mexicans unemployed so far this year, Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations, has said in Monterrey.

The business leader attributed the 10 percent increase in interest rates to a major money withdrawal that the Bank of Mexico made in January 1995. He added that this is perhaps the cornerstone of the shock plan [plan de choque]. Thus, Diaz Romero noted, "an increase in the monetary supply would be advisable" at this time.

During the monthly meeting of the Manufacturing Industry Association of Monterrey, which gathers more than 6,000 companies in Nuevo Leon State, the business leader said that with that withdrawal the officials "went overboard and further checked the Mexican economy when what Mexico needs at present is a larger monetary supply." He demanded that interest rate stability be guaranteed in the long term growth model.

The representatives of the country's industrialists underscored "a lack of justice" in the application of this year's economic model, because the public sector is just starting to show a commitment to reduce public expenditures," he added.

Nearly 50,000 Jobs Lost in Jalisco State

Nearly 50,000 jobs were lost in Jalisco State between December 1994 and October this year, especially in the metropolitan area of Guadalajara, according to a document issued by the Employers Confederation of the Mexican Republic in this state. It added that the largest losses correspond to the services, commercial, transportation, and communications sectors.

The most affected have been employees residing in Hidalgo and Juarez in Guadalajara, and in Zapopan Municipality, where more than 43,000 jobs were lost compared to a 6,500 gain experienced in Reforma and Libertad.

The state's business sector believes that "should the interest rates continue to rise and the political instability of the past weeks prevail" the unemployment problem could worsen in upcoming weeks.

The local office of the Mexican Social Security Institute reported that company registration continues to drop. It stated that as of December 1994 the list of employers was 52,740 compared to 49,900 as of October 1995, a 2,770 decrease. [figures as published]

Meanwhile, in Coahuila State the Agricultural and Livestock Chamber of El Torreon warned that the closure of the Agriculture Secretariat in Comarca Lagunera, which was announced by Agriculture Secretary Francisco Labastida Ochoa on 11 November, will leave more than 300 workers unemployed and "will completely upset" the regional agricultural sector "that is already burdened by the drought and an imminent halt in the 1996 agricultural cycle."

Employment Programs

In Mexico State, labor authorities announced the establishment of programs that successfully employed

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17,400 persons in order to reduce the high unemployment rate, which reached 6.5 percent this year and affected 193,000 workers.

The economically active population in this state totals 3.2 million persons of which only two million hold permanent jobs, the local Labor Secretary Antonio Isaac Gomez Alcantara said.

Meanwhile, the Association of Assembly Plant Industries of the coastal area of Baja California State reported that this sector is the source of one-fourth of the more than 130,000 state jobs. The group added that it hopes that this figure will continue to grow at an annual rate of 8 percent as additional international agreements are signed with our country within the framework of NAFTA.

SHCP Rejects Exchange Rate To Undermine Economic Program

PA1711222895 Mexico City NOTIMEX in Spanish 1941 GMT 17 Nov 95

[FBIS Translated Text] Mexico City, 17 Nov (Notimex) — Today, the Mexican Secretariat of Finance and Public Credit [SHCP] ruled out the likelihood of the 1996 economic program which was sent this past Tuesday to the Chamber of Deputies could be undermined by an increase in the interest rates and the exchange rate.

In a communique issued in this capital city, the SHCP pointed out that the program proposed by President Ernesto Zedillo is strictly linked to objective conditions observed in the Mexican economy.

Measures were adopted throughout the year to deal with the financial problems that broke out in December 1994 and which caused the devaluation of the currency and liquidity problems.

The finance secretariat acknowledged that although interest rates and the peso-U.S. dollar exchange rate constitute an additional burden to firms as well as households, these ingredients are wholly unrelated to next year's inflation expectations.

According to the SHCP, the 1996 objectives will be prevented from being undermined once the current account has been adjusted, the budget has been balanced, and the economic program begins to be supported by all sectors.

The rise in the interest rate and the exchange uncertainty, according to the communique, are due to provisional elements such as the 1995 third quarter results, and to the capital flight recorded in the Mexican Securities Exchange.

One of the measures adopted to deal with the country's financial problems was the Agreement for Immediate Support to Bank Debtors (ADE) through which steps were taken to mitigate, in the short term, the impact of interest rate increase on households as well as medium- and small-size firms.

According to a document entitled General Economic Policy Guidelines sent to the Mexican congress this past 14 September by President Ernesto Zedillo, the cost of the ADE will amount to 13.400 billion new pesos ($1.675 billion).

These resources will originate from the fiscal surplus expected during 1995, estimated at 15 billion new pesos ($1.875 billion).

The document stipulates that a major portion of these resources have already been earmarked to cover the cost of the ADE during 1995 as well as during 1996, most of all in items such as credit cards, personal and corporate loans, as well as farm and mortgage loans.

The cost of the debtor support program, according to the document, is equivalent to nearly 0.8 percent of the GDP, and that to date the program has been able to restructure 60 percent of all overdue loans, as well as to sign 91 percent of letters of intent.

The communique also highlights that the total cost of the Savings Protection Fund (PROBAPROA) will amount to 32 billion new pesos ($4 billion), which represents 1.9 percent of the 1995 GDP.

The finance secretariat pointed out that through this mechanism it has been possible to provide support to several financial institutions, among which it is possible to mention the Banco Union, Banco Obrero, Banpais, as well as currency exchange firms.

Banxico To Auction 1.4 Billion Pesos in Cetes 21 Nov

PA1811152395 Mexico City NOTIMEX in Spanish 0923 GMT 18 Nov 95

[FBIS Translated Text] Mexico City, 18 Nov (NOTIMEX) — The Bank of Mexico (Banxico) has announced that next week it will try to issue 1.4 billion new pesos in Cetes (Treasury Certificates) and 1.2 billion in Bondes (Federal Government Development Bonds) among local and foreign investors.

Banxico indicated that at the auction slated for 21 November, it will offer 800 million new pesos worth of Cetes with a 28-day maturity date and 600 million worth of Cetes with a 91-day maturity date (one day is equal to 8.1 pesos).

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During the same auction of government securities, Banxico plans to offer 600 million new pesos worth of 364-day Bondes and an equal amount of 727-day Bondes.

For the sixth consecutive week, Banxico has not scheduled an auction for Cetes with maturity dates of [words indistinct]. Financial analysts noted that as a result of the substantial increases in interest rates during the past eight weeks, Cetes will likely experience a reduction at the upcoming auction.

That probable reduction would be supported by the recovery of the peso against the dollar, the positive trend in the stock market, as well as the downward trend of the inflation rate, they concluded.

Finance Secretary Defends Economic Policy to Congress

PA1811172895 Mexico City XEW Television Network in Spanish 0400 GMT 18 Nov 95

[From the "24 Hours" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Deputies from four political parties questioned Finance Secretary Guillermo Ortiz for six hours and demanded changes in the government's economic policy to achieve recovery and end the people's sacrifices.

Most of the 20 deputies from the PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] who spoke during Secretary Ortiz' appearance before Congress to explain the Mexican Government's economic program for 1996, agreed that state finances should be centered on promoting economic development and employment.

The PRI deputies asked the government to exercise its power and act firmly to correct the economic and financial problems affecting Mexico. PRI Deputy Antonio Sanchez Gochicoa presented his party's demands:

[Sanchez] "We demand that today, more than ever, the executive branch use all the means and legal instruments available to obtain stability and recover confidence."

PAN Deputy Juan Antonio Villa said:

[Villa] "PAN and its legislators noted the danger posed by the growing deficit in the balance of payments at least two years before the crisis exploded."

PRD Deputy Saul Escobar even proposed an economic emergency plan. He said:

[Escobar] "Unless we change our policy and politicians, we will have to resort to reducing our goals for economic growth in order to control inflation, or let prices rise more than expected."

Meanwhile, PT Deputy Joaquin Vela stressed:

[Vela] "In order to overcome this situation, we demand a total redefinition of priorities in the economic strategy. The goal of attaining self-sustained growth determines the other economic variables."

Secretary Ortiz admitted the need for urgent changes.

[Ortiz] "I particularly agree with the recommendations presented by my party, the PRI, on the imperative need to align the instruments of economic policy in order to direct them toward the urgent objective of economic recovery."

The general question that prevailed among the deputies was how the government will recover confidence in Mexico.

[Ortiz] "It will be an effort the government will have to be committed to every day."

He admitted that Mexico's most serious problem is the 13.6 million Mexicans who live in extreme poverty, from all 14 states of the Republic. He said that the decline of the economy during the past few months has already been halted. He announced that the fiscal measures that impose taxes on workers will be corrected.

He told the deputies that Mexico does not need to renegotiate its foreign debt to promote national development. He also clarified that Mexico will not change its policy of commercial and economic opening and that taxes and capital controls are not applicable in Mexico as in other countries.

In general, Secretary Ortiz' appearance before Congress was orderly and respectful. There was a moment when chamber workers displayed posters in front of the group demanding 60-day bonuses. The order of the meeting, however, was not disrupted.

Afterward, PRD Deputy Armando Quintero criticized the finance secretary and his aides for applying foreign strategies in the economy and gave them a gift copy of the Brief Story of the Mexican Revolution, by Jesus Silva Herzog.

The deputies did not leave for dinner, which seldom occurs. They discretely ate fruit and a piece of cake inside the chamber. The order was disrupted near the end of the meeting when Social Democratic Party Deputy Luis Sanchez Aguilar tried to reply, but was not given the floor. In addition, PRI Deputy Humberto Lopez, who rarely participates in these sessions, tried to provoke disorder and take advantage of the incident by shouting insults to the PRD deputies and journalists.

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The session ended at 1825.

Amounts for Programs To Restructure Credits To Increase

PA1911013895 Mexico City EL FINANCIERO in Spanish 15 Nov 95 p 5

[Report by Alicia Salgado and Gerardo Flores]

[FBIS Translated Text] In announcing the strengthening of programs implemented in coordination with banks to support debtors and to face the "circumstantial" hike in interest rates, the Finance and Public Credit Secretariat has announced that the amounts allotted to programs to restructure investment units credits will be increased and that credits in dollars will be incorporated to this program.

The secretariat has informed that the fiscal cost of financial improvement programs and highway concessions is 83.9 billion new pesos, approximately 5.1 percent of the GNP estimated for 1995.

The secretariat has announced that it has allocated $875 million to pay obligations of the Savings Protection Banking Fund [Fobaproa] associated with the joint World Bank-IDB [Inter-American Development Bank] credit for $1.75 billion. The other allotment will be made during the first quarter of 1996.

In explaining to Congress the new financial improvement programs set in motion by the government to support debtors and to capitalize the banks, the secretariat has stated that the 1995 fiscal surplus, which has been estimated to be 15 billion new pesos, will be used to pay ahead of time, in 1995 and in 1996, the fiscal cost of the Agreement for Immediate Support to Bank Debtors [ADE].

The Finance Secretariat has reported that the fiscal cost of the financial improvement programs will be 56.2 billion new pesos, the equivalent of 3.4 percent of the GNP for 1995, and this figure already includes capitalization that will represent capital expenditures in 1996 for 1.42 billion, considered in Section 29.

Regarding the UDI program set in motion in March to facilitate the indexing of credits pertaining to inflation, which permitted the extension of bill deadlines and the payment of real interest rates, the government has estimated that the fiscal cost of this program, at the current value, is 17 billion new pesos, which represents 1 percent of the GNP expected for this year. The Finance Secretariat has stated that the cost of this program will be applied gradually throughout the 30 years of the programs, some of which have already received 32 percent of the original allotment and 84 percent in states and municipalities up to November.

Regarding ADE, the Finance Secretariat has announced that the original fiscal cost resulting from the reduction of active and nominal rates is 13.4 billion pesos, including the commercial and development oriented banks. This is equivalent to 0.8 percent of the GNP and will be generated from September 1995 to September 1996. The restructuring aspect of the program has made 60 percent progress, and 91 percent progress has been made in notices of intent, and it is expected that fiscal surpluses will permit a total covering of the costs associated with the program.

Regarding programs to support the capitalization of the banking system through the Bank Fund for the Protection of Savings, the secretariat has stated that the Union, Cremi, Obrero, Banorie, and Banpais banks have been supported and that only three institutions (Inverlat, Bancen, and Confia) remain in the Temporary Capitalization Program, which does not include fiscal expenditures.

The total fiscal support for the capitalization of banks and stock houses is 32 billion new pesos, which represent 1.9 percent of the GNP, an amount that will increase substantially when considering the purchase of the holdings of commercial credits associated with direct capitalization by partners of credit institutions.

The program, which has a 10-year recovery deadline for purchased portfolios, has a fiscal cost of 0.5 percent of the 1995 GNP, considering only differences that could be generated because of the time that may elapse from the moment a promissory note is issued by the Savings Protection Banking Fund [Fobaproa] to Probursa, Serfin, Promex, Atlantico, Bital, Bancrecer, and Banoro, and the value of the portfolio acquired by Fobaproa at the end of 10 years.

The last of the financial improvement mechanisms is the highway network concession. The estimated fiscal cost derived from the restructuring program is 14.1 billion new pesos at the current value, the equivalent of 0.9 percent of the 1995 GNP.

This program considers an extension of the concessions deadline to its possible legal maximum and the restructuring of UDI bank credits. The federal government will fill the gap between net revenues derived from the use of highways and the servicing of the direct debt in the next 12 to 24 months, and at the end of that deadline, the portion of the debt that cannot be covered by the project's revenues will be assumed by the federal government, which will recover its investments from highway revenues secured once the concession term ends.

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IMEF Proposes More Investment Instruments

PA1911205295 Mexico City EL FINANCIERO in Spanish 17 Nov 95 p 4

[Report by Miguel Nava and Alicia Salgado — all quotation marks as published]

[FBIS Translated Text] Acapulco, Guerrero, 16 Nov — The Mexican Institute of Financial Executives (IMEF) proposed the creation of savings instruments that would include an exchange rate warranty in order to deter the flight of U.S. dollars from Mexico during times of uncertainty, as well as long-term investment instruments indexed to the inflation rate.

The IMEF also called for the establishment of U.S. dollar checking accounts in Mexican banks that would help reduce bank loan interest rates in addition to strengthening international reserves.

In an address during the opening of the 23d IMEF National Convention, Eduardo Almeida, president of this organization, one of the most prestigious in the country, called for an in-depth reevaluation of the current fiscal policy and demanded a plan aimed at making bank loans more within the reach of viable corporations.

The IMEF president pointed out that while the government is searching for formulas to encourage the banking system, "they have neglected the rest of the economy leaving it without access to loans, unnecessarily aggravating the current crisis. The situation is especially more severe in some sectors such as commerce, agriculture, and agroindustry.

Eduardo Almeida, in the name of financial executives representing some of the country's top corporations, demanded changes in the government's economic policy, which he criticized for not helping the country to overcome the crisis.

"We believe that corporations and individuals are making enough sacrifices to solve the crisis, but not the government," he stipulated.

Almeida also mentioned the manner in which the country's monetary policy is being handled by the Bank of Mexico [Banxico].

"It has become necessary to carry out a reevaluation of the country's monetary policy. The manner in which monetary policy instruments are being managed must be diametrically opposed to the manner in which they are currently being handled," he added.

In a criticism apparently aimed at Banxico Governor Miguel Mancera, who has been defending the manner in which he handled the peso's decline following the abrupt December 1994 devaluation, Almeida demanded that the government prohibit the use of an overvalued exchange rate as a mechanism to control inflation.

Interviewed following the opening of the IMEF national convention, Eduardo Fernandez, president of the National Banking and Securities Commission (CNBV) and President Ernesto Zedillo's representative at the event, claimed that the economic policy proposed by the Secretariat of Finance and Public Credit (SHCP) will prevent the overvaluation of the peso. However, in an interview reported by the official news agency NOTIMEX, Fernandez also acknowledged the need to "reevaluate the Mexican exchange rate system."

In his address before the IMEF convention, Eduardo Fernandez recalled the measures adopted by the government to guarantee the financial system's liquidity by pointing out that overdue loans to banks currently represent 15 percent of the total portfolio.

The CNBV president stipulated that the government will continue to support the financial system to prevent a collapse and guarantee the populations's savings. Fernandez insisted that "proposals that will only serve to ultimately destabilize the financial institutions will not be accepted."

On the other hand, recalling the easy terms available for productive plants to renegotiate their UDI [Unit of Investment] debt before the end of the year so that they can take advantage retroactively of cuts in the ADE [Agreement for Immediate Support to Bank Debtors] interest rates, Fernandez explained that the banking system had been able to restructure nearly 115 billion new pesos in corporate debt since September. .

He added that the previously mentioned available terms will allow corporations, as well as banks, to restructure nearly $2 billion, as this relates to foreign currency.

One Month Left for a Return to Calm

On the other hand, Jose Madariaga Lomelin, president of the Mexican Association of Bankers (ABM), commented that once the speculation and wave of rumors have been overcome, which could take four weeks, the exchange rate and the interest rates could decline and settle at more realistic levels.

He believes that measures such as the Alliance for Economic Recovery, reforms to the Mexican Social Security Institute, and the Alliance for Agriculture Production have not yet been digested by the majority of market participants.

It is for this reason, Madariaga Lomelin stated, that four weeks is an adequate period of time to bring an end to all the speculation and skepticism taking place.

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The president of the CNBV believes that it is feasible and possible to accomplish the targets stipulated in the economic guidelines and added that he expects all the speculation and skepticism will vanish rapidly.

In order to overcome the prevailing uncertainty, he urged an effort to communicate "given that at this time those who need to listen are unwilling to do so, and those who have something to say are not doing it properly."

Manuel Robleda, president of the Mexican Securities Exchange [BMV], pointed out that "the financial markets have calmed down because the economic brokers have received the signal that there are firm foundations to ensure recovery during 1996.

In a meeting with the press, the BMV president mentioned that the stock market has touched bottom and a trend toward recovery is beginning to be perceived.

Robleda Gonzalez commented that the Revenues Law, the Expenditures Budget Initiative, and the Economic Policy Guidelines for 1996 delivered to the Congress of the Union by Finance Secretary Guillermo Ortiz constitute some "very compatible" economic foundations.

Adopting a position contrary to that of the IMEF, the BMV president stressed that the economic policy is consistent "and can guarantee that the APRE [Alliance for Economic Recovery] will work, which has already established a trend toward the recovery of the financial market."

He highlighted that some elements, such as the 17 billion new pesos surplus in the government finances, carry more weight than speculation or rumors.

As a result of this, Robleda Gonzalez urged casting aside all speculation and insisted that there are firm bases to ensure a drop in the inflation rate to 20.05 percent and to ensure that the exchange rate settles at 7.7 new pesos.

He also underlined that the Tesobonos [Treasury Bonds] have already been paid out, the inflation rate trend is moving toward a decline, and that the current account deficit has been reduced. The next step, he stipulated, will be to ensure positive results that will benefit the population.

On the other hand, the BMV president announced that a concrete agreement leading to the opening of a futures market in Mexico during the coming months have already been signed.

Banking Commission Announces Debt Restructuring Program

PA2011011395 Mexico City LA JORNADA in Spanish 16 Nov 95 p 51

[FBIS Translated Text] To ease the cost of the debt Mexican companies have contracted in foreign currency and to attenuate the recent increase in interest rates, the National Banking and Securities Commission (CNBV) yesterday announced the creation of a program to restructure the dollar denominated loans in investment units (UDI's).

Through this mechanism, companies may restructure in UDI's in an amount equivalent to $2 billion those loans in foreign currency granted by local banks. This sum is the equivalent of 5.35 percent of the balance of the financing commercial banks granted in dollars, which totaled $37.326 billion at the end of last June.

The CNBV has explained that the UDI's required for this restructuring will come from the resources banks have in the Credit Support Program for the Manufacturing Sector, which initially rose to 76 billion new pesos ($10.857 billion at the average exchange rate during the past two months).

For those companies that have debts in foreign currency that choose to accept this new program, the conditions and rules will be the same as those of the Loan Assistance Program for the Industrial Sector [Programa de Apoyo Crediticio a la Planta Industrial].

That means that at the time of the negotiation the companies will pay an interest rate on their debts at the UDI level plus 6.5 points during the first year and at the UDI level plus 8.5 percent during the second year.

The second measure the CNBV has announced makes retroactive the interest rate applicable to the restructuring in UDI's of loans in local currency.

In this regard, the CNBV explained, companies and individuals conducting business activities financed by banks that restructure their loans in UDI's within the Credit Support Program for the Manufacturing Sector will receive a benefit in the restructuring interest rate, which will be retroactive to 1 September 1995, as long as they sign the respective agreement before 31 December of this year. It has explained that preferential interest rates for the restructuring agreements signed in January 1996 will be retroactive to 1 October 1995.

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Senate Passes Accords 'Key' To Foreign Investor Confidence

PA1711193695 Mexico City NOTIMEX in Spanish 1648 GMT 17 Nov 95

[FBIS Translated Text] Mexico City, 17 Nov (NOTIMEX) — The Mexican Senate has unanimously approved agreements with Spain and Switzerland on promoting and protecting investments. President Ernesto Zedillo signed the agreements in June and July. The Commerce Secretariat stressed that the documents were approved during regular session of the Senate with 104 yeas, 0 nays, and 0 abstentions. It described the agreements as key to instilling confidence in foreign investors and, consequently, to promoting direct foreign investment in the country's productive sector. It also described the agreements as an efficient means to diversify the source of direct foreign investment in the country, thus reinforcing the policy of open and fair investment. The Commerce Secretariat stressed that the agreements with Spain will go into effect the day that the two states exchange notes on constitutional formalities, while the agreement with Switzerland will go into effect 30 days after final notification on the previously mentioned terms.

Finance Secretary: Current Exchange Rate Level Temporary

PA1711201195 Mexico City EL FINANCIERO in Spanish 16 Nov 95 p 6

[Report by Gerardo Flores]

[FBIS Translated Text] The Mexican Government has not stopped building up its confidence and people have not yet gotten over the hard blow felt with the December devaluation and do not understand what really happened, Finance Secretary Guillermo Ortiz Martinez said. Ortiz said that in the next few weeks the peso-dollar exchange rate will reach more reasonable levels than the current ones.

He said the situation being experienced by the Mexican people is undermining the people's confidence once again. "We have to admit it, we have to earn the people's confidence every day, and be certain that we will overcome this situation."

The official said it is difficult to predict the peso-dollar exchange rate for 1996 and that the 7.70 figure established in the Economic Policy Criteria is not a prediction, but a figure that was used to draft the budget because "to make the budget calculations we have to use some type of exchange rate."

Ortiz Martinez, who on Friday, 17 November, will have to face the doubts, criticism, and insults of the deputies in a meeting that will last for several hours, said it is impossible to create more jobs when volatile capital is earning very high interest rates, higher than those that could be made by opening up a business.

He added: "We believe this is a temporary interest rate increase that reflects an anxiety that cannot be justified by the real state of the economy. If it cannot be justified and if we do not change our course, the situation must improve. That is the point."

Guillermo Ortiz said it is impossible to predict the real exchange rate level because the financial authorities are not seeking a certain exchange rate level or defend a certain rate, "but the current exchange rate level certainly does not correspond in any manner to the real status of the economy, therefore we believe the interests rates will drop because the inflation rate we expect for next year is around 20 percent."

The finance secretary said a 20-percent inflation rate for 1996 is not possible with interest rates that are this high and with an exchange rate that is beyond anybody's expectations, "but we believe this will be a phenomenon that will disappear in the next few weeks so that we can initiate 1996 with a more clear perspective of growth."

He said that the unemployment trend began to change in August, when only three job sources were created. The number increased in September and by October a more respectable figure had been reached.

He said economic indicators show that we are already leaving the low point of the recession and a gradual recovery is taking place. "I am not saying the situation has totally changed, but there are signs. What we have to do is to overcome this stage of nervousness and instability and set ourselves in a recovery platform for next year," he said.

Stock Exchange Foreign Investment Drops 13 Percent

PA1711204195 Mexico City EL FINANCIERO in Spanish 15 Nov 95 p 7

[Report by Claudia Villegas]

[FBIS Translated Text] The amount of foreign investment in the stock exchange has dropped by 13 percent. At the end of October, the amount totaled $21.93661 billion compared to the $25.16544 billion that was reported at the end of September.

According to a report from the Mexican Securities Exchange (BMV), so far this year foreign investor-held shares showed a 36.22 percent drop compared with December 1994.

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According to analysts, the instability of the exchange rate and the hike in interest rates have caused a negative impact on the price of foreign capital-controlled shares.

However, they noted that the balance of foreign investment remains constant in respect to the level of participation it has reached throughout the year and the total value of capitalization of the securities exchange.

At the end of October, the capitalization of the stock market totaled $89.4495 billion, bringing the total participation of foreign investment to 24.5 percent, similar to that of last quarter.

During the first 10 months of the year, the price and quotation index of the BMV showed an accumulated decline of 30.97 points in terms of dollars. In October, the decline was 11.13 percent, also measured in foreign currency.

As part of the total balance of foreign investment earmarked for the variable securities market [mercado de renta variable], investments in ADR [American Depository Receipts] accounted for 60 percent of the aggregate, totaling $13.2217 billion. This amount represented a negative monthly reduction of 14.39 percent and a 42.44-percent decline since December [as published].

Regarding the free purchase bond, series L shares, the contribution of foreign capital reached $5.4862 billion, namely 25 percent of the balance of foreign resources in the capitals market.

According to an analysis from the U.S. securities firm JP Morgan, the trend of foreign capital-held ADR has been to maintain short positions, which, for the first time since June, have provided "attractive yields," in spite of the fact that the market presents a general 16-percent drop.

Authorities, Bankers, El Barzon To Negotiate on 3 Dec

PA1811001495 Mexico City Radio Red Network in Spanish 0000 GMT 17 Nov 95

[Report by Antonio Guzman and Announcer Martin Espinoza; from "The Night Monitor" newscast]

[FBIS Translated Text] [Espinoza] Antonio Guzman has important information from the Bank of Mexico [Banxico].

[Guzman] After five hours of protests and peaceful fasting at the sixth floor of Banxico's central building, where we are right now, El Barzon [El Barzon National Union of Agricultural Producers, Merchants, Industrialists, and Lenders of Services] were able to capitalize on the government's pledge to install at 1500 on 3 December the negotiation table for the definitive solution of overdue loans, a demand the members of El Barzon had been making for the past few months.

Alfonso Ramirez Cuellar, leader of El Barzon in Mexico City, reached an agreement over the telephone with the government director of the Government Secretariat, Juan Burgos Pinto. According to the agreement, the Finance Secretariat, the Agriculture Secretariat, the National Banking and Securities Commission, and the Government Secretariat itself will promote the dialogue table, to which they will invite the president of the Mexican Association of Bankers, Jose Mariadiaga Lomelin, and the Harmony and Peace Commission of the Congress of the Union to participate in this dialogue table and reach a definitive solution to the problem with the overdue loans. Members of El Barzon will obviously be present.

The demand made by El Barzon for a dialogue table will become a reality following the peaceful occupation of the Banxico, which took place at 1300 after they peacefully entered the building to deliver a letter to Banxico General Director Miguel Mancera Aguayo in which they ask for his resignation to resolve the country's economic situation. They also announced, in the same letter, the suspension of payments of capital which they had been making to National Finance Bank [Nafin] and state governments for the past seven months. They said the money they had been depositing would not be turned over by Nafin and the state governments to the bankers.

Finally, I am able to inform that outside the Banxico, on Cinco de Mayo Avenue, a crowd of El Barzon members are gathered to support the measures taken by their leaders inside the Banxico. The talks have been held over the telephone with the government director of the Government Secretariat. No Banxico authority has directly intervened.

[Espinoza] This means the members of El Barzon will be treated outside the Agreement for Immediate Support to Bank Debtors, ADE?

[Guzman] Yes. That is the first conclusion we are able to reach because the dialogue table will be set up to find more specific mechanisms, especially following a negotiation between El Barzon members, the authorities, and the bankers themselves and reach a solution fitting for all the parties, according to what El Barzon has been promoting in the last few months.

[Espinoza] The Finance, Agriculture, and Government Secretariat and the National Banking and Securities Commission will participate?

[Guzman] Yes.

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[Espinoza] The Association of Mexican Bankers was mentioned?

[Guzman] The Association of Mexican Bankers, which is headed by Jose Madariaga Lomelin, will be directly invited to participate in the negotiations.

[Espinoza] He will only be invited?

[Guzman] That is the term being used. It is believed that his presence will be important. It will be an indispensable requirement for this negotiation table to be successful.

[Espinoza] Thank you, Antonio.

Coparmex, CEESP on Economic Recovery Effort

PA1811045095 Mexico City EL FINANCIERO in Spanish 17 Nov 95 p 1

[Report by Leticia Rodriguez Lopez]

[FBIS Translated Text] The Employers Confederation of the Mexican Republic [Coparmex] has said that the society has made a tremendous sacrifice to make the economic adjustment possible and to preserve peace and that, for this reason, it is necessary to seek better alternatives of reactivation, growth, and development. The state's general reform is the key to political stability and economic recovery.

Coparmex pointed out that the country's situation and the society both demand a greater effort to attain stability and a genuine reform of the state, thus assuring that there is reason for believing in the institutions' permanence and firmness.

The organization said the people should not yield to the pressure of those who oppose the political system's transition because these people represent private interests and such an action would entail giving them more power and weakening the government. "It would delay, for a long time, the justice and development of millions of Mexicans," Coparmex said.

In addition, the Private Sector Center for Economic Studies [CEESP] pointed out that structural reforms and clear short-, medium-, and long-term incentives are required for the productive system to resume the path of growth because the economic conditions will not improve only by stabilizing the financial markets.

Among the measures aimed at a future sustained recovery, CEESP mentioned fiscal reform, a policy of selective support for enterprises, stimulus of exports, deregulation of productive activities, incentives to local saving, and the privatization of public enterprises.

CEESP warned that the instability observed in financial and exchange markets will delay the economic recovery process because of the negative effect of higher interest rates on the indebtedness of enterprises and individuals, consumption decisions, and purchasing power.

Despite the extent of the adjustment in the internal market, the resulting surplus in public finances and foreign accounts, all of these efforts are still insufficient to let the productive system initiate at least a modest recovery, CEESP said.

Coparmex, in turn, noted that it is necessary for the government to fully assume its role as socially responsible promoter of a market economy.

The organization believes that is urgent to advance toward fiscal transformation, to effectively deregulate, to radically streamline the government apparatus, to step up the privatization process, to modify the Constitution's economic chapter, as well as to encourage investment and competition.

The Alliance for Economic Recovery is a good point of departure, it noted.

In addition, Coparmex stated that the state reform that it proposes with five main points should constantly and significantly demonstrate that there is progress is being made toward a de jure state and that impunity and corruption are being fought.

Among the concerns that should be urgently and effectively dealt with, Coparmex suggests that the political parties agree on the basic points for a competitive and equitable democratic system at the national state, and municipal levels.

The group also proposes that real progress be made in political, fiscal, and social federalism, making citizen participation part of the reform, and redefining the government-society relationship in the field of communications in order to improve attitudes and purposes.

"The government must find an irreplaceable support in society in order to undergo the transition of the Mexican state, Coparmex emphasized.

On another note, an analysis of the economic situation by the CEESP stated that inflation will rise slightly during the coming months, which will form an inflationary "bubble" that will probably last until February 1996, so the cost of borrowing will tend to adjust to this expectation.

In addition, the CEESP added that there is no foreseeable considerable accumulation of foreign exchange in the coming months, so the exchange rate will continue to yield to pressures.

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Union Leaders, Citizens Oppose Oil Privatization

PA1811213795 Mexico City LA JORNADA in Spanish 14 Nov 95 p 20

[Report by Jesus Lastra and Manuel Enriquez]

[FBIS Translated Text] With the pending sale of Mexican Petroleum's petrochemical plants, a group was formed this weekend in Minatitlan, Veracruz State, to implement measures that will guarantee the security of oil, electric, and National Water Commission facilities.

Meanwhile, more than 108,000 residents, out of 111,000 who voted during a referendum organized in Veracruz state by the Trade Union of Petroleum Workers of the Mexican Republic (STPRM), voted against the privatization of the country's petrochemical plants.

The purpose of the Minatitlan meeting, which was attended by several federal agencies, the Army, and the Navy Secretariat, was to form a group to coordinate the security of strategic facilities.

Victor Raul Gomez Rodriguez and Guillermo Galvan Galvan, chief of staff and commander of the 29th Military Zone, respectively, have denied that the new entity, coordinated by the Government Secretariat, has anything to do with the oil union's stance against the privatization of the petrochemical affiliates.

Rodriguez called it a "mere coincidence", adding that the group's creation and the security circumstances were separate. Galvan stated that a climate of social peace prevailed in the southern section of the country where 80 percent of the strategic facilities are located, and that protests and demonstrations have been staged respecting the law.

Galvan denied that the reprivatization or the oil workers' stance were discussed during the meeting of more than 20 officials from Veracruz and the states of Tabasco and Campeche.

The commander stated that the meeting which was held at a military facility, analyzed programs dealing with security and plant operations, measures to improve them, and matters of surveillance, which could be reinforced, if needed.

Galvan added that grounds were established for all the entities included in the national program to work together in case of an emergency.

The union leaders indicated that the results of the referendum "clearly show" that Mexicans reject the sale of a sector that is strategic for the development of Mexico. They added that only 3000 agreed with the sale.

The STPRM leaders explained that the work force in southern Veracruz depends "largely" on the oil industry and its main concern is that the layoffs will continue, either in a massive or "trickled" ["hormiga"] manner, as has happened in recent years, leaving thousands of union members without a job.

Macario Reyes of the Poza Rica region and Victor Basulto of Minatitlan emphasized that thousands of jobs have been lost in recent years throughout the state, but now, the union "will not allow the local labor force to be affected."

In northern Veracruz, between 1992 and 1993, approximately 3,000 union members — of an original 8,000 members — lost their jobs. The two leaders demanded that the government guarantee that the current roster of workers be maintained.

They said that the referendum was held in Sections 10, 11, 22, and 30 of Minatitlan, Nanchital, Agua Dulce, and Poza Rica, where the country's main petrochemical complexes are located. It was also held in Tuxpan, Papantla, Cazones, Tihuatlan, and Coatzintla, in addition to several places in Coatzacoalcos.

Macario Reyes, foreign relations and propaganda secretary of Section 30 based in Poza Rica, said that in northern Veracruz, where the Poza Rica and Escolin petrochemical plants are located, 49,567 citizens voted in 126 polling stations. Of these 49,567 citizens, 48,719 voted against privatization and 725 were in favor. Only 123 votes were annulled.

Victor Basulto, information secretary of Section 10 based in Minatitlan, noted that of the 43,505 citizens who voted, 42,325 voted against, while 1,053 voted in favor of privatization. Approximately 11,200 citizens participated in Agua Dulce, where 90 percent voted in favor, while the remaining 10 percent voted against privatization. In addition, of the approximate 7,800 citizens who participated in the referendum in Nachital, approximately 7,020 citizens favored privatization.

Secretariat Rejects U.S. Amendment on Fishing Embargos

PA1811012295 Mexico City NOTIMEX in Spanish 1531 GMT 17 Nov 95

[FBIS Translated Text] Mexico City, 17 Nov (NOTIMEX) — Mexico today rejected the amendment to the Magnuson Law approved by the U.S. Lower Chamber, authorizing the establishment of embargoes against fishing products from other countries, the Mexican Environment, Natural Resources and Fisheries Secretariat has reported.

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It also said that 33 other countries reject this new provision for fishing producers who are unable to demonstrate they possess similar regulations to those used in the United States.

The secretariat commented that should it be approved by the Senate, this initiative would cause an embargo against imports for more than $6 billion, as well as a possible war against U.S. fishing exports, which total 3 million [currency not specified].

The secretariat indicated that the Mexican Government, through the Secretariats of Foreign Relations, Commerce and Industrial Development, and Environment, Natural Resources and Fisheries, expressed its concern to the United States over this measure which the U.S. Senate will discuss in coming weeks.

The amendment, proposed by Congressman Jimmy Hayes, states that coastal states must force their fishing boats to use devices preventing the catch of fish not included in fishing permits, if they wish to continue to export to that country.

The secretariat stressed that the Hayes Amendment is incompatible with Article 309 of the NAFTA and Article XI of the World Trade Organization [WTO], as well as with Code of Responsible Fishing, recently approved by the United Nations.

It explained that the U.S. Senate's approval of the initiative does not mean an immediate embargo will take effect, because the use of devices allowing the exit of fish is not a federal regulation in the United States.

Nevertheless, the U.S. National Service of Marine Fisheries is conducting tests with this type of device in the catch of shrimp, which are expected to conclude next summer, the Secretariat of the Environment, Natural Resources and Fisheries noted.

The entity explained that the species of fish that may be affected by the use of this type of device would be the shrimp, although these types of boats in the country have devices allowing the exit of turtles for operations in the Gulf of Mexico.

Should the aforementioned amendment become a law, it would have a negative impact on Thailand, Ecuador, China, India, Indonesia, Bangladesh, Panama, Brazil, Guatemala, the Philippines, Nicaragua, Norway, Costa Rica, Iceland, and Argentina, among others.

The secretariat concluded that this very U.S. institution also expressed its disagreement with this initiative because, in addition to affecting fishermen should it be approved, it would also affect importers of fishing products within the United States.

Congress Approves Reforms to National Army, Navy Law

PA2011042795 Mexico City NOTIMEX in Spanish 0055 GMT 17 Nov 95

[FBIS Translated Text] Mexico City, 16 Nov (NOTIMEX) — The Mexican Congress today unanimously approved the reforms to the Law of Discipline of the National Army and Navy, while it recognized the loyalty of these armed institutions.

During the approval session, Senator Jorge Luis Tinajero of the Party of the Democratic Revolution (PRD) said "Congress is compelled to explain to society and the nation that the Armed Forces are loyal to the government institutions."

"The Army maintains the validity of our laws and respects the human rights guidelines," the legislator said during his speech in Congress.

Luis Felipe Bravo Mena, senator for the National Action Party (PAN), maintained that "the principles supporting the life of the Army and the instruments this institution has constitute a bulwark for the country.

"We are firmly saying that the Armed Forces constitute a pillar, a support in the running of the Mexican institutional life," Senator Mario Vargas Aguilar, from the PRI [Institutional Revolutionary Party], said.

Alvaro Vallarta, president of the Senate Defense Commission, affirmed that the law did not undergo substantial modifications but, rather, practical changes geared toward separating the Navy, something which was done according to the Army Law. He said the change of name to "Law of Discipline of the National Army and Air Force" was done to separate the Navy.

He also said that the name of the Military Penal Law was changed to "Military Justice Code" and that certain terms are changed. For instance, the term "worker" is changed to "subordinate."

Vallarta added that there are no basic variations and that the prohibition banning military men from participating in politics is a statute dating back from 1926 that will continue in the legal guidelines [words indistinct] the debate for the approval of the draft the PAN bloc submitted to make changes in the text of articles 17 and 36 in order to explain the characteristics of military discipline, changes that the senate plenum has deemed unnecessary.

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Bartlett's Post-Election Plans Examined

96CA0044A Mexico City REFORMA in Spanish 9 Nov 95

[Commentary by Miguel Angel Grandos Chapa, journalist and citizen counselor on the Federal Electoral Institute's General Council: "Bartlett on the Market"; received via Internet]

[FBIS Translated Text] Manuel Bartlett, governor of Puebla (who is from the capital and Tabasco) and a former secretary of interior [Gobernacion] and education, is determined to enhance his value on the political market. In light of two concurrent situations, he has found that this is the proper time to do so. One is the midterm elections during his own six-year term. The other is the feeling of orphanhood, of emptiness, that prevails in broad segments of the PRI [Institutional Revolutionary Party] political class. Bartlett seems committed to taking his place among those destined to serve as the political caudillos of the moment, those who will remedy the perceptible lack of leadership in the public arena.

Bartlett's keen political sense, which enabled him to diagnose the current situation accurately, has caused him to make an error in judgment. Gaining ground among PRI members, which is one of his clear-cut objectives at present, will not increase his support among the public at large. PRI has already lost its status as the dominant party in our political culture and public life, even if it continues to receive the most votes at the ballot box. Gaining prominence in PRI, consequently, could be a Pyrrhic victory, owing to the high political price to be paid in society at large.

The electoral process in Puebla, which as in other states will conclude next Sunday, has given Governor Bartlett an opportunity to express his convictions, which are out of step with the times since under present circumstances the government and its party must genuinely separate, for their own good. Bartlett has proposed and, in practice, followed the opposite approach; that is to say, he persists in confusing his role as governor and his function as a propagandist for his party, for which latter purpose he has available the resources of the former.

Just a few days ago, for example, in opening the first section of the environmental beltway, which is part of the Angelopolis project, the governor of Puebla boasted: "We have delivered." And then he shamelessly bragged: "This program that is under way and that is restoring Puebla's greatness is a program of my party, the Institutional Revolutionary Party." This claim, which is flawed in and of itself, is indeed a provocation on the eve of the election, coming as it did after the main opposition parties justifiably challenged Bartlett's supposed right to express support for his party.

It was not just those parties that Bartlett took on. He exploited the presence of two federal electoral counselors at a civic ceremony in Puebla to fabricate a bogus controversy, for the sole purpose of seizing a platform that would make him look distinguished, lend him visibility, and perhaps once again give him a chance, which we all thought was gone forever, to run for president of the republic. He is thus tilting at windmills, in other words, at things that do not exist. That is to say, he is inventing the facts on the basis of which he seeks to discredit Santiago Creel and Jose Agustin Ortiz Pinchetti. The fact that these two members of the General Council of the IFE [Federal Electoral Institute] are Bartlett's targets associates him with the coarse authoritarianism of his colleague, Roberto Madrazo, the governor of Tabasco, who has also sought to upbraid these citizens in defense of his own illegitimate status. Bartlett may, of course, be paying belated tribute to the memory of the young Madrazo's father, Carlos A., from whom today's governor of Puebla opportunely dissociated himself when it was no longer prudent to remain at Carlos Madrazo's side after he had fallen into disgrace.

Creel and Ortiz Pinchetti were invited to take part in Puebla in an electoral debate organized by a score of civic groups. Some of them, as the governor would later mention, have ties to the National Action Party (PAN), but this did not define the nature of the event. Nevertheless, Bartlett accused the citizen counselors of acting in partisan fashion and, moreover, of meddling in local affairs without having any right to do so inasmuch as they are federal officials. This groundless criticism of his squared with remarks made previously by PRI leaders in Yucatan and Tabasco, who, employing the same sort of guile as Bartlett, endeavored to inhibit Creel's and Ortiz Pinchetti's civic activism. Owing to their long-standing membership in civic movements and their current high profile in encouraging the growing involvement of citizens in electoral processes, Creel and Ortiz Pinchetti are often invited to states in which electoral campaigns are under way to express their views on state issues, but not local ones, from which they have carefully kept themselves detached. So worthy of consideration are their opinions that the interior secretary, Esteban Moctezuma, asked them (with the consent of the parties involved, which the governor of Tabasco later deviously denied) to voice an opinion of the elections in that state. Creel was invited by the governor of Hidalgo, Jesus Murillo Karam, to design the local electoral reform, which does not entail any illegitimate involvement whatsoever because he was invited to do so. What it does show, in contrast, is

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the counselor's eagerness to help improve our electoral processes, regardless of who might be promoting such an improvement.

Bartlett formulated his charges against the aforementioned federal counselors in a response to the interior secretary in which he sought to assert his state's autonomy, which was not in question. It was a classic case of the pot calling the kettle black, in other words, a long-time violator of legal and political rules demanding that they be respected, inasmuch as everyone remembers how Bartlett, as interior secretary, was constantly involving himself in local elections that were not officially his concern. Afterwards, when Creel and Ortiz Pinchetti gave their obligatory response, the governor of Puebla sent them a private rejoinder but then decided to publicize his letter to Creel. He had his missive published, as a paid insert, in several newspapers and has broadcast it widely over radio stations in his state. He has thus demonstrated that he uses his government's resources for the benefit of his party, inasmuch as what he wrote is a pretext for campaign propaganda.

Bartlett wants to return to the past to build a future for himself. As things now stand, he is not dreaming. He could manage it. Let us see whether they let him.

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El Salvador

Union Members Complain of U.S. Campaigns Against Parity

PA1911230395 San Salvador LA PRENSA GRAFICA in Spanish 17 Nov 95 p A17

[FBIS Translated Text] As seldom as this situation has happened in the country, union members, businessmen, and government officials representing the Higher Council of Labor [CST] complained yesterday to a U.S. delegation about the boycotts and campaigns of misinformation U.S. textile unions are allegedly promoting in that country to hinder the approval of commercial parity for which El Salvador and the region are asking in the apparel sector.

After a two-hour meeting at the offices of the defunct Planning Ministry, the U.S. delegation left the place hastily without making any statement. The leaders of ANEP [National Association of Private Enterprise], Chamber of Commerce, ASI [Salvadoran Association of Industrialists], and Fenastras [Salvadoran Workers National Union Federation] also participated in this meeting.

The reporters who waited until the end of the meeting behind closed doors, however, clearly listened to the positions assumed by the U.S. union members, who denied the existence of campaigns against the Salvadoran assembly plants. It was learned they would later be handed evidence published in U.S. newspapers and leaflets of organizations such as the AFL-CIO federation of unions and UNITE, Union of Textile Workers [Union de Sindicatos Textiles].

The leading accusers of the U.S. unions turned out to be the Salvadoran union members themselves. ANEP President Roberto Villanova himself thanked Fenastras Secretary General Juan Jose Huezo at the end of the work meeting. "You saved the meeting," he told him, in reference to the information he presented the delegation.

In a previous meeting held at the U.S. Embassy, Fenastras submitted documents allegedly confirming the local unions CTS [Salvadoran Workers Federation] and CTD [Democratic Workers] are using phony names to obtain legal union status to cause a stir within the industry.

CTS and CTD were pinpointed as accomplices of the campaign orchestrated in the United States, but it was also said that CTS and CTD do not have more than 300 members, a point which is not significant in terms of representativeness.

The U.S. mission — which includes representatives of the government, unions, and companies — came to gather information to issue reports that will endorse or oppose the granting of commercial parity to the country.

The points unanimously stated to the delegation are outlined in a document that was submitted to U.S. Ambassador to El Salvador Alan Flannigan. This document, drafted by Fenastras, represents neither the position of the private sector nor that of the government, but it contains the same petitions the CST has asked of the delegation:

1. A demand for parity.

2. A request to study the issue of the boycott.

3. A request to support Salvadorans abroad.

According to ANEP President Villanova, the meeting went off the track in many aspects. "It was necessary to demonstrate that not everything can be perfect in the country. The important aspect was to point out, as Huezo stressed, that significant actions are being taken to improve and comply with the laws," he has said.

The ANEP figures indicated that 75,000 jobs in El Salvador alone depend on that decision by the U.S. Congress.

Guatemala

URNG Attack on Military Base Ends Unilateral Cease-Fire

PA1811185195 Guatemala City LA REPUBLICA in Spanish 17 Nov 95 p 31

[FBIS Translated Text] Members of Guatemalan National Revolutionary Unity (URNG) used rifles and RPG-2 rocket launchers to attack the La Balastrera Mobile Patrol Base in Santa Elena, Peten Department on Tuesday, 14 November. The Information and Press Department of the Army (DIDE) said the URNG caused minor damage but did not inflict any casualties.

To repel the attack, two command officers and several specialists were immediately mobilized to the command post, causing the insurgents to flee. Patrols were deployed in pursuit of the attackers, but the attackers were not found.

This actions marks the resumption of hostilities between the guerrillas and the Army after the URNG ordered a unilateral cease-fire for the first 12 days of November to give Guatemalans an opportunity to go to the polls on Sunday, 12 November.

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President: Elections Secured Country's Stability

PA1911030595 Mexico City NOTIMEX in Spanish 0053 GMT 19 Nov 95

[FBIS Translated Text] Tapachula, 18 Nov (NOTIMEX) — Guatemalan President Ramiro De Leon Carpio said here today that the holding of the 12 November elections in Guatemala secured the country's political stability — the reason why he ruled out the possibility of a coup d'etat.

Upon arrival in this city of the southern Mexican state of Chiapas on a private visit, the president told reporters that "coups d'etat are part of our past history in Guatemala." He added that "when I speak of constitutional stability, I am referring to the fact that Guatemalans are now accustomed to freely electing and replacing their authorities every four years," "because the best weapon the people have, to do this, is their vote."

For me — the chief of state of this Central American nation added — the elections held in my country are a source of great satisfaction, because I emerged as a result of an institutional break, and my principal mandate was to secure political stability, which we have now achieved.

Another of the achieved objectives, he said, "was the purging of Congress, which the peoples of Guatemala changed via the popular referendum, the prevailing regime of legality, and the state of law."

He recalled that the primary elections were held with the participation of 19 candidates, yet according to the electoral system, a majority was not obtained — a point which made it necessary to hold a runoff election in which a new party, the New Guatemala Democratic Front, emerged.

The elections permit widely accepted popular leaders to reach Congress. This brings about a political counterbalance that was lacking in Guatemala in the past, he said.

Speaking about recent guerrilla actions in his country, De Leon Carpio said the guerrillas had declared an operational cease-fire, not an actual cease-fire during the period of the electoral process, from 1-13 November.

According to the Guatemalan guerrillas, he said, such activities in no way interrupt the process. He said the Peace Commission will meet next week to resume the dialogue in an effort to establish a cease-fire.

The Guatemalan president, who was invited here by a group of former alumni of the 1947-1951 graduating class of the Teachers College in this city, equally expressed his interest in continuing to support Guatemalan political refugees living in Mexico.

"More than 17,000 Guatemalans have returned and rejoined the country's political and national life during the last two years of my administration," he said.

He expressed his concern that many repatriated citizens have relocated themselves in areas that are still conflict-ridden as a result of the passing of the guerrillas. He said this point is why the next administration must continue supporting the process, until a definitive peace is secured.

Regarding the suspension of aid announced by the UN High Commissioner for Refugees (ACNUR), President De Leon said it is necessary to hold a dialogue with ACNUR leaders so that its economic support can be resumed while the massive return of Guatemalans takes place.

He said the 35,000 repatriates still in Mexican territory will be back in two to three years if they continue returning at the same rate as they have up to now.

Honduras

U.S. Labor Leaders Said 'Meddling' in Conflicts

PA1911030695 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 14 Nov 95

[Report by Mauricio Vanegas from the "This Very Day" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Assembly plants are the topic of a new controversy. The controversy arose when businessmen in Choloma, Cortes Department, charged there is alleged meddling by U.S. labor leaders in Honduran labor conflicts:

[Armando Amaya, spokesman for the Choloma Chamber of Commerce] "We have made another appeal through the media, because we believe there is a new movement in the making."

The businessmen believe this is part of a conspiracy the national labor leadership is preparing against the Honduran state:

[Claudio Villafranca, leader of the National Trade Union Federation of Honduran Workers] "We are not using anybody. This is not about hurting the country; this is about denouncing violations of labor rights — and not only in the assembly plants but in general.

[Luis Ramirez, leader of the General Federation of Workers] "The General Federation of Workers flatly rejects this type of accusation against the labor leadership.

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What we want is to resolve problems that have arisen in the industrial parks, and not to create unrest in the enterprises so that they will leave."

Leslie Rodriguez, a female worker, last year internationally denounced the abuse workers endure at the hand of foreign and national employers. This incident was recalled to warn of the possibility of economic losses as a result of destabilization in this sector, which employs more than 50,000 people and generates $600 million in exports annually:

[Ramirez] "The Chamber of Commerce's position is very harsh. I think it should give names."

[Amaya] "I think the labor attitude is somewhat backward in this new era. I believe they should seek agreement."

The labor leadership in the country's north views the attitude of the Choloma Chamber of Commerce as improper and has called for more responsible work by the Labor Secretariat to cool the situation in the industrial parks.

Attorney Calls For Study of U.S. Extradition Case

PA1711200995 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 16 Nov 95 p 45A

[FBIS Translated Text] Attorney Jorge Alberto Burgos Molina, Sr., yesterday asked the Human Rights Prosecutor's Office [Fiscalia Defensora de los Derechos Humanos] to identify those involved in the kidnapping, terrorism, and abuse of authority surrounding the Juan Ramon Matta Ballesteros arrest and expatriation case.

Burgos Molina, acting in his capacity as legal representative of Matta Ballesteros' children, wants the authorities to investigate the public and private individuals who were involved in these crimes either by commission or by omission. Matta Ballesteros is being held at Colorado federal prison.

An Investigation of the 1988 Incidents

Burgos Molina wants an investigation into the events of 8 April 1988, when U.S. narcotics agents and a marshal, agents, and officers of the Honduran Public Security Force's Cobra Squad, arrested his client on drug trafficking charges.

Matta Ballesteros was taken to Palmerola Air Force Base and then to the United States, a nation that tried and sentenced him.

Background Information: Demonstration Outside Embassy

Burgos Molina's written statement indicates that Julio Cesar Chavez Aguilar, former chief of the Seventh Command, requested the search warrant for Matta Ballesteros' house. The search never took place, as Matta Ballesteros was captured outside his home at approximately 0600 on 8 April.

A demonstration was held outside the U.S. Embassy the next day to protest Matta Ballesteros' extradition, during which incendiary bombs hurled at the consulate set the building and some nearby vehicles on fire. Copies of the Constitution were burned at the National Autonomous University of Honduras to protest the violation of Article 106, which states that no Honduran may be expatriated or turned over to the authorities of a foreign state.

Burgos Molina also requested that authorities take action against the perpetrators, the accomplices, and those who covered up the crimes that were allegedly committed.

Jose Simon Azcona Hoyo was president and retired General Humberto Regalado Hernandez was Armed Forces commander in 1988.

Deputy Bayron Suazo said that the Prosecutor's Office must now begin its work, since Matta Ballesteros' relatives have lodged a formal request. "The investigation must determine the roles that the Honduran authorities played back then — including the former president, the former Armed Forces comander, the police, the judge who ordered the search, and the chief of the Civil Aeronautics Office."

Minister: Central America Unable To Negotiate Bases

PA1711210495 Mexico City NOTIMEX in Spanish 1628 GMT 17 Nov 95

[FBIS Translated Text] Tegucigalpa, 17 Nov (NOTIMEX) — Honduran Deputy Foreign Minister Roberto Arita Quinonez said today that Central America is not in a position to negotiate jointly the permanence of the U.S. bases.

"I think it is a decision that will be up to each of the countries, and it will not enter into a Central American security agreement," such as that which was approved here yesterday, Arita Quinonez explained to NOTIMEX.

Yesterday, the Central American Security Council concluded a meeting that approved a draft of the "Central American Democratic Security Treaty," that must be approved at the summit of area presidents to be held in this country in December.

The United States maintains the Southern Command Headquarters on the banks of the Panama Canal and

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the Palmerola headquarters in the center of Honduras, the latter built in the 1980's at a cost of $30 million.

Palmerola was used in the past decade for military exercises (War Games) [previous term in parenthesis rendered in English] that sought to intimidate the Sandinist regime in Nicaragua and the Salvadoran guerrillas.

The U.S. bases in Central America have served to carry out various military and civilian missions (almost always secret), one of the most recent being the struggle against drug trafficking.

Panamanian Deputy Foreign Minister Marina Mayo referred to this matter noting that "exploratory talks" between the Panamanian Government and the United States over the future of the U.S. bases in Panama are scheduled for 30 November to 1 December.

She added that the "talks" will be held in Panama with top level officials from the government of President William Clinton.

However, she would not comment on the matter alleging that only Panamanian President Ernesto Perez Balladares and Foreign Minister Gabriel Lewis Galindo are authorized to talk about it.

The Central American Security Council is made up of the deputy foreign and defense ministers of the region. At the end of the event, they also approved a draft treaty on the return of stolen vehicles.

Armed Forces Chief Views 'State Terrorism,' Amnesty

PA1911034795 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 14 Nov 95

[Report by Roberto Reyes from the "This Very Day" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Honduran Armed Forces Chief Luis Alonso Discua has insisted that the amnesty decreed during the Rafael Callejas administration benefits both the members of subversive groups and the members of the Armed Forces. Roberto Reyes has the details.

[Reyes] The commander of the Armed Forces, General Luis Alonso Discua, has categorically affirmed that state terrorism caused the situation of missing people:

[Discua] "If you remember the interview with the president at the Soto Cano Base, you will recall he said that what happened was state terrorism, which involves the state as a whole in this situation. Logically, some sort of direct action has been taken regarding the Armed Forces, but the president spoke of state terrorism."

The military chief said the members of his institution acted as part of that state policy:

[Discua] "The Armed Forces did not act on its own in the 1980's; it acted as part of and within the framework of the state; that is, it did not just go out and say: We are going to do this. Everything took place within the framework of state policy.

[Unidentified reporter] "It did happen, but within the framework of state policies?

[Discua] "I do not know whether it happened or not, but this has to be seen from this point of view, as I have said, and no institution should be pointed to as if it were the culprit."

Discua has said the amnesty is a constitutional right of the military:

[Discua] "The same decree-law shields the officers. The amnesty is constitutional. This point has brought up problems. We can understand the pain of the mourners, but we cannot keep this matter up for the rest of our lives."

Panama

President Interviewed on Topics of National Interest

PA1711182495

[FBIS Editorial Report] Panama City Circuito RPC Television in Spanish at 2300 GMT on 15 November carries a two-minute interview with Panamanian President Ernesto Perez Balladares, who talks about various topics of national interest.

When asked about the resignation of Gabriel Castro, director of the Technical Judicial Police, PTJ, Perez Balladares said: "Gabriel had reached an agreement with me to serve in the post for one year. It is very difficult for him to abandon his practice as a lawyer. It is unbelievable, but true. Allow me to take advantage of this opportunity to say this. It is very difficult for a lawyer such as Dr. Gabriel Castro, who earns a great deal of money in his firm, to stop earning this money—because when he leaves the firm he cannot earn it—and earn $3,500 at the PTJ."

As for the minimum wage increase, the president said: "The minimum wage topic must be understood in its context. The minimum wage is a floor. Only a small number of workers are earning a minimum wage. The wage increase will of course have an impact on them directly, but there is also a cascade effect. The other salaries of the economy are directly proportional to the minimum wage. If the minimum wage, which is the floor, is raised, the rest of the salaries will be increased

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accordingly or a little more. This is a difficult line to walk on, but we tried to raise the minimum wage in an attempt to recover part of the purchasing power that was lost without adversely affecting businesses in such a way that they are forced to increase prices."

The president was also asked about the demonstration called by the opposition parties on 50th Street in downtown Panama City and he replied: "I believe it was a demonstration that was held within a peaceful atmosphere of democracy. As I have reiterated, they all have the right to demonstrate, as long as they do not adversely affect the rights of others. I believe there was a small misunderstanding regarding the traffic problem. The police director made the decision to divert traffic thinking the demonstrators could have greater flexibility and not violate municipal decrees that state that streets must remain open to traffic. They later protested because traffic was diverted. The police allowed traffic back in. The authorities allowed them to protest."

When asked about the protests staged by University of Panama students, Perez Balladares answered: "I believe that the agenda of the leaders of those who are behind the university students includes a confrontation with the police that can result in someone being injured, something that could help them get the support the student groups have. We do not want that type of confrontation because it is unnecessary. We cannot allow three or four scoundrels, which is what they are, to block streets, destroy state or private property, and create the confusion stirred up by these movements."

Finally, when asked about his discontent with the Comptroller General's Office, the president said: "I maintain my position that things get bogged down at the Comptroller General's Office. I am talking about the bureaucracy, not the comptroller. This morning, after the interview, someone called me and said, Mr. President, your words had a positive effect at the Comptroller General's Office. On that same day, 600 contracts that had been sitting there for six months were finally approved."

Ambassador on U.S. Lease for Bases Beyond 2000

PA1911041295 Panama City LA PRENSA in Spanish 18 Nov 95 p A1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Panamanian Ambassador to the United States Ricardo Alberto Arias disclosed yesterday that the government will announce "in due time its position" on a decision by the United States not to pay a lease for the bases, should an agreement be reached on extending the U.S. military presence in the country beyond the year 2000.

Panama and the United States have agreed to assess this coming 30 November and 1 December the likelihood of the U.S. military remaining in Panama, but the Clinton administration has already cautioned it will not pay a lease for the use of the military bases.

U.S. Southern Command Colonel Richard O'Connors cautioned this week that the United States will not pay a lease for the bases if an agreement is reached on extending the U.S. military stay in Panama. Prior to these statements, sources close to the Clinton administration had expressed the same position.

Interviewed on this issue, Arias said "that is the position of Mr. O'Connors and the U.S. Government. Panama will adopt its own position in due time."

Asked if the statements made by the U.S. military officer would have any repercussion on the exploratory talks, Arias reminded that "we would have to wait" for the dialogue to begin to "comment on the issue."

The United States has nearly 7,000 soldiers stationed at 10 sites located along the banks of the Canal. This military contingent is scheduled to leave Panama by 31 December 1999 in accordance with the Torrijos-Carter Treaty of 1977.

Asked his opinion about Panama's interest in renegotiating the presence of the military bases after the United States had already cautioned it would not pay a lease, the ambassador reiterated that "we must wait for the negotiations to begin."

The Foreign Ministry stated a few weeks ago that the only Panamanian officials allowed to make any statements on the issue would be President Ernesto Perez Balladares and Foreign Minister Gabriel Lewis Galindo. The ambassador also said, however, that the United States is in no way interested in destroying the Colon Free Zone by adopting measures with a view to preventing the laundering of drug trafficking funds, as certain Panamanian businessmen and politicians have been stating.

Workers Confederation Demands Halt to Talks With U.S.

PA2011040795 Panama City LA ESTRELLA DE PANAMA in Spanish 19 Nov 95

[Report by Jacqueline Clarke]

[FBIS Translated Text] The Confederation of Workers of the Republic of Panama (CTRP) has issued a communique demanding from the government the "immediate" suspension of exploratory talks with the United States on the military bases scheduled to be held on 30 November and 1 December in this capital.

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The communique, signed by CTRP Secretary Horacio Rodriguez, bases its rejection of the talks on the statements made by Southern Command Colonel Richard O'Connors and reaffirmed by U.S. Ambassador William Hughes that "the United States has no budget allocations to pay a lease for the military bases. [no closing quotation mark as published]

The CTRP believes it "is false" that the permanence of "even a single base" would cause a reduction in drug trafficking and money laundering.

They have the largest amount of bases established in U.S. territory, and that is precisely the country with the largest number of drug consumers in the world," the communique stated.

The CTRP added that the possible unemployment caused by the reversion of the bases must be resolved "by the brilliant and knowing minds" of those who direct Panama's economic policy.

The permanence of even one single military installation would maintain "the high rate of prostitution" and, consequently, venereal diseases and the Acquired Immuno Deficiency Syndrome (AIDS).

Law Establishes Laundering of Drug Money as Crime

PA1911011695 Panama City EL PANAMA AMERICA in Spanish 18 Nov 95 p E12

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Less than 24 hours after the Legislative Assembly approved it, President Ernesto Perez Balladares yesterday signed the first Panamanian law establishing the laundering of drug money as a crime.

Perez Balladares signed the law in a ceremony held at the Palace of the Herons and attended by Attorney General Jose Antonio Sossa, PTJ [Judicial Technical Police] Director Gabriel Castro, and the members of the High Level Commission Against Money Laundering, which drafted the law.

The law consists of seven articles, and its provisions include the establishment of fines up to 1 million balboas on individuals who commit the crime of money laundering and the obligation of banks to report suspicious transactions and to maintain controls over those over 10,000 balboas.

Raul Aleman, cochairman of the Commission Against Money Laundering, said at the ceremony the document does not threaten bank secrecy "in any way," because the law "has been drawn up very well" and, in fact, defends bank secrecy.

He said the creation of the Financial Analysis Unit and the implementation of this law are firm and decisive steps that place Panama at the continental vanguard in the struggle against money laundering and at the same level as the developed countries and the most prestigious centers of the world.

The fines established by this law can be imposed on banks, firms in the Colon Free Zone, finance and insurance companies, the National Casinos, and other similar institutions that avail themselves to money laundering.

Association President Denies $8 Billion Laundered in Zone

PA1911041495 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Nov 95 p 1

[Report by Esperanza Navarro Francois]

[FBIS Translated Text] Giovanni Ferrari, president of the Association of Colon Free Zone Users, did not agree with the affirmation by U.S. Ambassador William J. Hughes that businessmen arrested in Panama could have "laundered approximately $8 billion produced by the sale of drugs. [no closing quotation mark as published]

Ferrari has said: "This is an exaggeration. I do not think that amount of money has been laundered in Panama."

Ferrari has said the amount Hughes has mentioned is larger than the actual operations level of the free zone, and, therefore, the "amount is wrong."

Ferrari has said he is not denying that there were money laundry operations in the past and that this could still be taking place, and for this reason the banking sector and judicial and fiscal organizations are adopting measures to minimize drug trafficking in the country.

In a speech by Hughes on investment opportunities in Panama, the former congressman has said the seizure of cocaine and the arrest of two businessmen (Israel Mordock and Alberto Laila) "means cooperation with this country to implement the law is making progress."

The diplomat has said: "I expect to see a follow-up on the process for these two individuals (businessmen), whom we believe have laundered as much as $8 billion of drug money."

According to Ferrari, the Free Zone supplies markets that do not have an international convertible currency and depend much on the dollar and for this reason operate with large amounts of cash, but this does not mean this movement has any direct relation with drug trafficking. "I am pretty sure about this," he has said.

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Developments in Laila 'Money Laundering' Arrest

Court Declares Arrest 'Legal'

PA1911204895 Panama City LA PRENSA in Spanish 18 Nov 95 p 1A

[Report by Jose Otero]

[FBIS Translated Excerpt] The plenum of the Supreme Court of Justice yesterday declared legal the arrest of Alberto Laila, a naturalized Panamanian businessman of Lebanese origin, accused of money laundering, but warned that he may only be tried by Panamanian courts.

The ruling, drawn by Supreme Court President Magistrate Arturo Hoyos, indicates that Laila's arrest, ordered by the Attorney General's Office, does not violate the Constitution; consequently, the prisoner was placed at the disposal of the Foreign Ministry.

The Court ruling also stressed that Laila will be tried by Panamanian courts, since the accused has been a documented, naturalized Panamanian citizen since 22 April 1988.

Laila, who was born in Beirut (Lebanon), was arrested on 27 October, after the U.S. Embassy requested his detention to allow time to take the necessary steps to obtain his extradition.

The accused has been linked to the so-called Mordok Group, accused of laundering more than $8 billion since 1987. On 27 October, Syrian national Israel Mordok, the chairman of this group, was arrested and extradited to New York, where a Federal Court will begin an action against him.

Cesar Guardia, Laila's attorney, filed a habeas corpus in favor of his client after stressing that his client's arrest was "illegal," since it was ordered with the intent of extraditing him and, "according to Panamanian laws, no native-born or naturalized Panamanian can be extradited." [passage omitted]

Attorney Reacts to Ruling

PA1911205095 Panama City Circuito RPC Television in Spanish 1730 GMT 18 Nov 95

[Report by Alvaro Alvarado; from the "Midday Television News" newscast]

[FBIS Translated Text] Cesar Guardia, defense attorney of businessman Alberto Laila, announced today he will file new legal actions to obtain Laila's release. The Supreme Court of Justice on Friday decided to declare legal the arrest of businessman Alberto Laila, who is being held at a Judicial Technical Police [PTJ] installation on alleged charges of money laundering.

[Begin Guardia recording] We oppose this decision and, even more, we are deeply concerned over the situation in which Laila has been placed or in which any other citizen may be placed. The habeas corpus writ should have decided on whether Laila's arrest was legal or not. The arrest of Alberto Laila resulted from an extradition request, and, as a result, he was placed under the foreign minister's authority. Our legal provisions clearly establish that no one can be arrested and placed under any authority other than that of competent judicial figures.

The foreign minister does not have the authority or competence to arrest a fellow Panamanian under the pretext of extraditing him. [end recording]

According to Attorney Guardia, Laila's arrest was illegal because there was no evidence to prompt his arrest and extradition to the United States.

[Begin Guardia recording] In the next few hours, we will file other legal actions so that Mr. Albert Laila can be released from prison. [end recording]

Government, Private Commercial Banks Reach Agreement

PA1911032095 Panama City Circuito RPC Television in Spanish 2300 GMT 16 Nov 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] The Panamanian Government has reached an agreement with private commercial banks, to which Panama owes $3.5 billion. The agreement is scheduled to be signed early in 1996.

The debt with private commercial banks is Panama's largest. It consists of $2 billion in principal and $1.5 billion in accrued interest. The Panamanian negotiating team in May proposed a package to reduce this amount. The creditors' response has now been officially announced:

[Begin Planning Minister Guillermo Chapman recording] So far, we have received commitments from the creditor banks for as much as 96 percent of the debt, which is a very high percentage for this operation involving the $3.5 billion. Based on the information we have at hand, we can report that the holders of 82 percent of the debt have opted for interest reduction bonds; that is, bonds that do not force us to acquire securities. [end recording]

This agreement is scheduled to be signed in the first quarter of 1996. According to the planning authorities, this indicates that the country's economic reforms are working and that there are many expectations in the

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international financial market. This agreement is a very important one for the country:

[Begin Chapman recording] I believe this is less than what was to be expected as the most probable formula, meaning the initial cost for the government of structuring this arrangement would be cut by $100 million. In addition, this means we will save $100 million annually for the next 15 or 20 years regarding the existing contractual debt. [end recording]

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Argentina

Technical Cooperation Agreement Signed With Brazil

PY1711180995 Buenos Aires TELAM in Spanish 2337 GMT 16 Nov 95

[FBIS Translated Text] Buenos Aires, 16 Nov (TELAM) — Economy Minister Domingo Cavallo and Brazilian Transport Minister Odacir Klein this afternoon signed a technical cooperation agreement. The agreement seeks to create mixed commissions to analyze port operations and maritime and multi-mode transport systems in Mercosur [Common Market of the South] countries.

"I have always emphasized the importance of advancing in the area of physical integration and services in order to create an efficient transport system. This agreement points to the organization, operation, and efficient use of port facilities," Cavallo said.

The economy minister said: "Our ports are operating increasingly better, costing less, handling larger cargo volumes, and making an increasingly more efficient use of installations."

Cavallo said "this important agreement" is in accordance with Mercosur's integrating spirit and points toward increasing both countries' commercial possibilities.

Transport Secretary Edmundo Soria; Rafael Conejero, ports and navigable waterways under secretary; Marcos de Azambuja, Brazilian ambassador to Argentina; and Mauro Campos, president of the company Docas of Rio de Janeiro, participated in the ceremony at the Finance Ministry.

The agreement creates a process of interaction between the Argentine Economy Ministry, through the General Ports Administration, and the Brazilian Transport Ministry, through the company Docas of Rio de Janeiro, seeking to complement the two countries' port activities and increasing trade exchanges.

The Brazilian transport minister said that after visiting various countries "to learn what we need to modernize our ports system, we found that Argentina was successful in diverse areas, specifically the area of ports."

"We came here not only to sign this agreement but also to start this exchange of know-how and learn from this successful experience. For what we have seen, there is a lot we can take back to Brazil," Klein concluded.

Cooperation Agreement Signed With Colombia

PY1711175795 Buenos Aires TELAM in Spanish 2328 GMT 16 Nov 95

[FBIS Translated Text] Buenos Aires, 16 Nov (TELAM) — The Argentine and Colombian governments have signed a cooperation agreement to enhance exchanges in the fields of trade, social development, state reform, and drug trafficking.

The agreement was signed during the "Second Mixed Commission for Technical and Scientific Cooperation Meeting between the Argentine Republic and Colombia," which was held in Bogota.

The agreement notes that the two governments have also expressed "their interest" in enhancing exchanges in the fields of education, training, the peace process, health, tourism, and the environment.

In a communique, the Argentine Embassy in Colombia reported that the agreement was signed by Hernan Massini, the Argentine ambassador to Colombia, and Colombian Vice Foreign Minister Camilo Reyes Rodriguez.

During the meeting, Argentina placed special emphasis on the "significance of coordinating stances at international and regional forums."

The communique also indicates that a monument to Liberator General Jose de San Martin was inaugurated on 15 November in the city of Barranquilla, at 55 Boulevard Villa Country.

On 17 November, Argentine Ambassador Massini will inaugurate a monument to Argentine naval hero Almirante Guillermo Brown at the Caribbean Naval Museum in San Juan de Dios Centro 3-61, in the city of Cartagena de Indias.

Afterward, the San Martin Council will be opened and the book "D. Juan Garcia del Rio, Citizen of the Americas," written by Antonio Cacua Prada, a Colombian historian and journalist, will be presented at the Palacio de la Inquisicion.

Economic Team's Ways To Overcome Crisis Viewed

PY1711194595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1918 GMT 16 Nov 95

[Special report for NOTICIAS ARGENTINAS by Daniel Casal]

[FBIS Translated Text] Buenos Aires, 16 Nov — It was during the meeting at the Olivos presidential residence on 8 November that the Menem administration finally

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agreed to undertake a second state reform, the guidelines of which the cabinet chief and the Economy Ministry have been analyzing for weeks.

Before disclosing the controversial project to the public, President Carlos Menem and [Economy] Minister Domingo Cavallo agreed, during another meeting at the Olivos presidential residence, that a measure of this magnitude needed tremendous political effort.

With that in mind, they agreed to put the infighting within the ruling party on the back burner and proceed along a less-fraught path toward recovering the initiatives required by business and financial sectors.

It was agreed that the present fragility of the economy required this type of signal to reverse a situation that was going nowhere.

The shortfall in fiscal accounts continues without solution. To make things worse, the tax payment deferral system has failed to come up to expectations and is not granting any respite to ailing public accounts.

This is the reason behind the somewhat desperate attempts to persuade taxpayers to avail themselves of the proposed tax payment deferral system at a time when most Argentines are only concerned about survival.

The deadline for the tax deferral system was also extended — even though it had been repeatedly denied over the last few weeks — and the move to prevent tax debtors from leaving the country fizzled out on the grounds of unconstitutionality.

To cap it all, Finance Secretary Ricardo Gutierrez conceded that tax revenues in November are 5 percent short of official targets.

The government is pinning its hopes on the fact that money will enter its coffers during the last week of November — traditionally a good month for the Treasury — as the greatest number of tax payments fall due in the last week of November.

Given this state of affairs, government officials agree on the need to end this vicious circle in which it is impossible to collect more taxes due to the recession; meanwhile, the country is unable to extricate itself from this recession because the administration is not creating conditions for the rehabilitation of loans and investments.

The first point on which the administration was absolutely clear was the need to restore confidence following the events of 14 May [reelection of President Menem] and the subsequent disputes within the ruling party.

They agreed to discontinue the exhaustive operations by General Directorate of Taxation agents in retail businesses and begin an aggressive campaign against major tax evaders.

During that crucial meeting at the presidential residence, the president himself emphasized: "Let us forget about smalltime tax evaders and devote all our efforts to collecting taxes from the big ones."

All cabinet members rallied round the president's cause — let us particularly mention the strategic alliance between Cavallo and [Cabinet Chief] Eduardo Bauza — and decided to burn their boats and undertake the second state reform.

If credibility in the model is recreated and capital returns, we might have an economic recovery during 1996.

If this does not occur there will be little else to do because there are no new public assets to sell and the recession will hit the foreign exchange rate, the only variable that does not move in a convertibility model.

Gutierrez considers this will be the final state reform. He says that, if necessary, we could implement a third reform.

It is hard to imagine a further tightening of the screw, with so many employees already without posts, without public companies to sell, and with all the government-owned shares liquidated.

We could conceive a total public works halt, or a recovery by the central government using the $600 million Greater Buenos Aires Fund.

Either measure would, however, create such a state of economic inactivity that may push the economy to the point of no return.

The Greater Buenos Aires Fund is not only intended for the most densely populated area of the country; it also has a political element, because a great part of Governor Eduardo Duhalde's chances of winning the presidency in the final year of this century are based on it.

Thus, if the second reform fails, probable solutions to the economy — which will by then be very sick — will be too traumatic.

The other solution would be to devaluate, but in this case the cure will be worse than the complaint because companies and individuals contracted large debts when the convertibility plan looked as if it would last forever.

On the other hand, touching the foreign exchange rate will only provoke a movement of prices upwards, following previous agreements with various economic groups.

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The Argentine people have a collective memory that is very sensitive to devaluation and hyperinflation, so the most probable consequence will be chaos in the economy.

The immediate question is, then, how to defeat the logical resistance of those who oppose the new plan: Congress does not want to issue a blank check giving omnipotent powers to the head of state, and unions fear a new wave of dismissals.

Next year will be vital for recreating the bases for an economic recovery because the bridges have already been burned and there is no turning back.

Defense Minister: No Budget Reduction in 1996

PY1811010395 Buenos Aires TELAM in Spanish 1951 GMT 16 Nov 95

[FBIS Translated Text] Bahia Blanca, 16 Nov (TELAM) — Defense Minister Oscar Camilion in this city today said that his ministry's budget will not be reduced in 1996, and he also thinks there will be no reduction in military personnel.

Camilion stressed that "the Defense Ministry's 1996 budget will not be modified," and he maintained that the "reform of the military sector is part of the reform of the state, which does not mean a reduction in personnel, although it does imply a change of views."

According to the minister, the ministry is studying a restructuring that will be based on "a basic nucleus of stable personnel that will make a lifetime career of it, and an intermediate level of personnel the basis of an active reserve system such as those in Europe and the United States."

He maintained that military expenditure "is currently very low in relation to the GDP," and he said that the current level of expenditure "is at a level that will be hard to surpass."

He compared the expenditure of the security sector with that of the defense sector and he said that "the police sector is currently costing the same as it did in 1983, while military expenditure has dropped to less than half of what was spent on the military in that year."

The defense minister arrived at the Espora Naval Base, which is located in this city, in a Navy Focker plane in the company of the commander of the Navy, Admiral Enrique Molina Pico, to participate in a ceremony in which a Tracker S2E plane rejoined a submarine squadron.

Camilion was met by naval authorities and the commander of the Fifth Army Corps, General Jorge Halperin.

The minister stated that the squadron of Super Etendard planes of the Naval Aviation will be refurbished, and that next year there is the intention of refurbishing the aircraft carrier "25 de Mayo," which is currently out of service.

He lauded the task of the Navy's technicians, who worked on the refurbishing of the engines of the Tracker S2E, terming it "a contribution to national industry," when he mentioned a similar task that was carried out on the submarine "Salta" and other Navy units.

Regarding the explosion at the Rio Tercero military installations, Camilion said that "an overall inspection is being carried out in all the military arsenals in the country," and in which "the expenditure on security is at the same level as expenditure on maintenance."

He indicated that the plants in Azul and Alta Gracia where explosives are manufactured "are in a very good condition from the viewpoint of security and maintenance," while the Rosario plant "is not a danger because it does not manufacture high-grade explosives."

New Second Army Corps Commander Installed

PY1711180695 Buenos Aires TELAM in Spanish 0111 GMT 17 Nov 95

[FBIS Translated Excerpt] Rosario, 16 Nov (TELAM) — General Raul Julio Gomez Sabaini, the Army deputy chief of staff, today emphasized here that the Armed Forces would continue to manage their scarce funds very well, referring to the new military budget cut. [passage omitted]

General Gomez Sabaini went to Rosario today to install General Julio Cesar Veronelli, the new 2d Army Corps commander. Veronelli replaces General David Comini, who has retired.

The military ceremony was held at the 121st Communications Battalion's parade ground in southeastern Rosario District. Civilian, military, and ecclesiastical authorities participated in the ceremony.

Bolivia

President Discusses Actions Against Coca Growers

PY1711194195 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 16 Nov 95

[FBIS Translated Text] Uh-oh, this is serious: Drug trafficking; Law No. 1008; U.S. pressure, and a government that has its back against the wall provoke a feeling of guilt.

President Gonzalo Sanchez de Lozada has justified repression because — he stressed — the government

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has got its back against the wall of drug trafficking and has the U.S. sword against its chest.

The president took full responsibility for the fatal outcome of the death of the young girl, Roxana Velez, as a consequence of the irreversible eradication process.

[Begin recording] [Sanchez de Lozada] This is the type of occurrence that we really lament. I think it is a great tragedy and we have said officially, and I repeat: It is not a positive thing. It is a consequence that must make us meditate.

We are going to be very flexible, but we have only six weeks to achieve...

[Unidentified journalist, interrupting] [Words indistinct]

[Sanchez de Lozada] Well, if we can learn where it came from, then there must be [word indistinct]. Up to the present the exact cause of death is not known. An autopsy will be performed and we'll see what happens — because an action of that type cannot go unpunished. [end recording]

Anyway, the priority in eradicating the coca leaf — with only six weeks to go — means that there will be intensive activity in this task, according to the U.S. Government.

[Begin Sanchez de Lozada recording] We have a target of 5,400 hectares. We want the eradication to be carried out voluntarily with compensation. We prefer not to use force. However, this depends on the understanding of coca-leave growers, because we have to achieve that goal; we hope it is attained in an atmosphere of agreement and mutual advantage. [end recording]

We will continue with the topic. The government wants to be convincing —something that it was not able to do with its explanations. The death of the young 13-year old girl is a new load on its back. The death was a result of the confrontations that took place in the tropics of Cochabamba, and of the eradication activities.

Through a press communique, the executive branch stresses that it has a noose around its neck, the noose that the United States has placed around its neck to pressure them to achieve established goals or face an international blockade.

The communique was released by Information Under Secretary Mario Canipa and it indicates that if these goals are not achieved there will be a hyperinflationary period that will be even more critical than the one the country experienced during the government of the UDP [Democratic and Popular Unity].

Bolivia is being relentlessly pursued by this threat and also by the decertification that could be implemented by the United States, which, if made effective would place Bolivia under interdiction within the international community, and Bolivia would not have access to the loans or donations of our traditional financial sources.

If that is the case, then the hyperinflation that we experienced during the tenure of the UDP would just be a simple kids' game.

Brazil

Fear of U.S. Default Affects Sao Paulo Stock Exchange

PY1711191995 Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 95 p A1

[FBIS Translated Text] The dispute between U.S. President Bill Clinton and the U.S. Congress to raise the ceiling of the public indebtedness level of the United States has harmed financial markets throughout the world.

The Sao Paulo Stock Exchange (Bovespa) yesterday registered its greatest drop in the past five months, a drop of 4.32 percent. This result was expected, but not to that extent. Such a drop was promoted by the possibility of nonpayment of U.S. Treasury bonds that mature tomorrow. "It seemed like the 4th of July: No one phoned from outside, not even to ask for quotes," an operator from one of the largest Sao Paulo brokerage firms said, discouraged.

The fear of a possible U.S. Government default has affected the dollar quotation, in comparison with the yen and the German mark. In relation to the yen, the U.S. currency rose, and in comparison to the mark, it dropped slightly. The quotation of the Mexican peso was also affected. It devalued by 2.8 percent, by comparison to the quotation with which it closed on 10 November.

President Clinton rejected an attempt to solve the impasse between the White House and Congress. The Republicans, who hold the majority in the House and the Senate, presented a bill raising the limit of public expenses as long as the government assumes the commitment to reduce its budget, including an increase to the contributions paid by the elderly for Medicare. Clinton considered the proposal unacceptable and he vetoed the bill.

The U.S. President stressed that the conditions imposed by the Republicans subverted "the biparty commitment assumed 30 years ago to protect the environment and health." He added: "They (the Republicans) do not have the simple understanding that we rise and fall together."

"I will struggle until the end — today, tomorrow, next week, and next month — until we obtain a fair budget for all Americans," said Clinton in a speech to the

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Democratic Leadership, which is an organization of moderate Democrats that he helped found.

Following Clinton's veto, the U.S. Congress again defied him. Last night the U.S. Senate approved a budget bill that will guarantee the government enough funds to continue operating as long as he accepts the reduction of public expenses, especially in the social field. Clinton had already warned that he would veto such proposal.

In order to avoid a nonpayment, U.S. Treasury Secretary Robert Rubin announced that if no agreement is reached with Congress, the U.S. Government can use part of the resources allocated to its two pension funds. Beside this, debt titles will be auctioned to raise the $102 billion that are necessary to face the principal and the debt that are due on 15 November and after.

The absence of an agreement will lead to the temporary suspension of nonessential federal public services.

Editorial Views Effects of U.S. Budget Problems

PY1711232795 Sao Paulo GAZETA MERCANTIL in Portuguese 16 Nov 95 p A4

[Editorial: "Political Confrontation Over the Budget"]

[FBIS Translated Text] The partial paralyzation of the U.S. Administration for lack of a budget law is not strange. This has happened other times in the recent past, as a form of pressure by the administration to force Congress to approve the budget for the next fiscal year. The difference now is that the pressure is being exerted by Congress, to force President Bill Clinton to make budget cuts in fields like health and education. The U.S. President refuses to do so, and he even vetoed a conciliatory bill passed by Congress authorizing expenses so as to temporarily keep the government apparatus operating. Clinton insists on the fact that the budget should be totally approved and he defends a bipartisan effort to design a plan to reduce government expenses along the years.

Although we should not take sides in this debate, some observations must be made, not only in face of Brazilian reality but also considering the global market. The dispute between the legislative and executive branches, no matter how much trouble it could cause to the United States, where several public services have had to be interrupted, due to the suspension from work of 800,000 public employees, stresses the seriousness with which the budget law is treated by U.S. society. It would be inconceivable in the United States for the government to operate for more than nine months without an approved budget, as happened in Brazil as recently as 1993.

At the same time that the respect for the budget serves as an example for a country like Brazil — which is overcoming the troubles created by unbridled inflation — the impasse to which the U.S. Government has come reveals one of the deficiencies of the presidential government system. Despite its great advantages in other aspects, the presidential government system could lead to serious impasses when the president is from one party and the Congress is controlled by another, as is the current case in the United States. Things become worse when the president wants to run for reelection, as is happening in the United States. In the November 1996 elections President Bill Clinton, a Democrat, will probably run against majority leader Bob Dole, who is in open campaign to be nominated for the Republican Party candidacy. Behind the scenes, Speaker of the House Newt Gingrich is also working to become a presidential nominee for the elections.

The political issue will be solved sooner or later, but the markets have already begun to become restless, as observed in the Brazilian stock exchanges, in face of the prospect that the United States, at least for some time, would not be able to pay its debt, which surpassed the ceiling of $4.9 trillion. The U.S. Treasury Department, which understands the implications this could have on the world economy, announced, on 14 November, emergency measures to ensure the payment of mortgages and interest of the U.S. debt, to dispel the ghost of speculation.

Although it is inadmissible that the United States be heading for a "default" [preceding word in English], the moment is particularly delicate in view of the Japanese financial crisis, scope of which, as has been observed lately, is worse than imagined. Still, on 14 November the Japanese Finance Ministry reported that on account of the nonpayment by clients from several sectors, and given that the dubious debts amounted to $366 billion in September, the Japanese banks will register a $179 billion loss (which is nearly 35 percent of the Brazilian GDP). According to experts, only in three years' time will the Japanese banks be able to present healthy accounts.

Until then, more than ever the evolution of the American economy will play a decisive role, given the slow growth of the economies of the rest of the industrialized countries. The progressive heating up of the American economy could have an invigorating effect, but such recovery should begin without a worse budget deficit and with the debt strictly under control. President Clinton understands this, but many congressmen from his party do not approve more sensitive expense cuts even if they are programmed fiscal exercises, taking for granted that it is impossible to end with an imbalance from one year to the next.

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As can be seen, even in the United States, whose currency is broadly accepted in the world, which allows it to make large issuances to cover deficits, the moment has come to put the public accounts in order to attain sustained growth. Such is the essence of the political debate, there and here.

Reportage on Influence-Trafficking Incident

Protocol Chief Dismissed

PY1711220995 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 17 Nov 95

[Live report by Luiz Agusto Mendonca from Planalto Palace]

[FBIS Translated Text] Ambassador Julio Cesar Gomes dos Santos, chief of the protocol coordinating office of Planalto Palace, has just been dismissed by President Fernando Henrique Cardoso.

This was reported a few minutes ago by Presidential Spokesman Sergio Amaral who said that earlier this week President Cardoso received a report with the transcription of a telephone conversation between Ambassador Gomes dos Santos and people linked to the multinational Raytheon company, which won the Sivam — Amazon Region Surveillance System — contract. The conversation was recorded by the Federal Police with court authorization. The call was made from the home of Ambassador Gomes dos Santos.

Spokesman Sergio Amaral, who did not reveal the contents of the conversation, said President Cardoso considers Ambassador Gomes dos Santos has been imprudent, so he accepted his resignation. Gomes dos Santos still continues to be a candidate to become Brazilian ambassador to Mexico.

Conversation Reported

PY1811001995 Sao Paulo AGENCIA ESTADO in Portuguese 2322 GMT 17 Nov 95

[Report by Ricardo Amaral]

[FBIS Translated Text] Brasilia, 17 Nov (AE) — The following is the conversation held between Ambassador Julio Cesar Gomes dos Santos and pilot Jose Afonso Assuncao, president of Lider Taxi Aereo and representative of Raytheon in Brazil, which will be published in next weekend's [18-19 Nov] issue of ISTOE magazine. Senators Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas] and Jose Sarney (PMDB-AP) [Amapa] are mentioned in the conversation, which took place between last September or October. Miranda is chairman of the Economic Affairs Committee which will pass an opinion about a $1.4 billion loan for the government to contract Raytheon company, which won the bid to install the Amazon Region Surveillance System (Sivam).

Julio Cesar Gomes dos Santos: Hello, how are you commander? Is everything OK?

Jose Afonso Assuncao: Everything is fine... The problem is Sivam. That son of a bitch Gilberto Miranda is pestering, creating problems. He does not want the bill to be approved; he is creating difficulties.

Gomes dos Santos: Damn! Didn't you pay him?

Assuncao: He is pestering, creating problems.

Gomes dos Santos: Yes, you have to speak with Sarney. He orders Gilberto around. Whatever he tells him to do, Gilberto will do.

Assuncao: I heard that Sarney opposes the project...

Gomes dos Santos: Let me speak with Sarney. I will go to the Senate this afternoon and talk to him.

Aeronautics Minister Resigns

PY2011112695 Sao Paulo AGENCIA ESTADO in Portuguese 2211 GMT 19 Nov 95

[Report by Odail Figueiredo and Tania Monteiro]

[FBIS Translated Text] Brasilia, 19 Nov (AE) — Aeronautics Minister Mauro Jose Gandra today resigned over his involvement in charges of influence trafficking in favor of the U.S. Raytheon company, which won the contract to supply equipment for the Sivam [Amazon Region Surveillance System] project. Gandra verbally tendered his resignation late this morning during a meeting at Planalto Palace with President Fernando Henrique Cardoso, who did not make any move to keep him in his post. Gandra is expected to submit an official letter of resignation to the president on 20 November.

On 17 November, the president already showed his irritation with Gandra during a meeting at Alvorada Palace with Justice Minister Nelson Jobim and Foreign Minister Luiz Felipe Lampreia. At that time, Cardoso said that if Gandra did not tender his resignation he intended to fire him. The meeting was held on the same day when Planalto protocol chief Julio Cesar Gomes dos Santos was removed from his post.

Brigadier Ulysses Pinto Correia Netto, chief of staff of the Air Force, will act as aeronautics minister. Because he is the most senior Air Force officer on active duty, Pinto Correia Netto could be confirmed as aeronautics minister. The brigadier, who is attending a military meeting in Venezuela, is scheduled to return tomorrow night. Beside the Air Force chief of staff,

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the following names have been mentioned quietly as Gandra's possible successors: Brigadier Sergio Ferola, chief of the Teaching and Research Department; and Joao Felipe Sampaio Lacerda, director of the Civil Aviation Department (DAC).

Pinto Correia Netto was informed today that he would serve as acting aeronautics minister. Gandra will stay in his post until a formal installation ceremony is held on 21 November.

In a statement released this afternoon, Gandra said he resigned "over the regrettable telephone wiretapping incident" in which his name was mentioned. Gandra said he decided to resign "to spare undesirable controversies to the administration and to the Air Force." Gandra said: "A senior officer cannot stay in his post if his subordinates can question his integrity." He added: "The nation and the Air Force are far more important than a man and his career."

Gandra is the first minister to leave Cardoso's cabinet since the administration was inaugurated 11 months ago. Cardoso now faces his worst political crisis, with charges of corruption involving close cabinet aides. Gandra is a friend of businessman Jose Afonso Assumpcao, president of Lider Taxi Aereo, who is Raytheon's representative in Brazil. In a damaging telephone call taped by the Federal Police, Assumpcao told Ambassador Julio Cesar dos Santos — who has already been removed from his post as Planalto Palace protocol chief, that he had hosted Gandra several times at his residence in Belo Horizonte.

Planalto Palace spokesman Sergio Amaral tried to downplay the incident while commenting on the incident upon Cardoso's arrival in Maceio this afternoon to attend celebrations marking the 300th anniversary of the death of black leader Zumbi dos Palmares. In Brasilia, shortly before departing for Maceio, Amaral said the president wanted to express "his recognition to Brigadier Gandra for his competent, valuable, and invariably loyal cooperation."

Chile

Integration With Peru Said Facing 'Serious Difficulties'

PY1711184795 Santiago EL MERCURIO in Spanish 6 Nov 95 p B1

[FBIS Translated Text] The possibility of Chile and Peru's signing an economic cooperation agreement before the end of 1995 is becoming increasingly remote. The agreement seeks to establish a free trade zone in the region.

The integration process is facing serious difficulties and the continuation of talks is in danger.

Last week the two governments postponed the round of negotiations that was to have been held in Santiago on 3 November. Officials expect the meeting scheduled for 23 and 24 November will take place, unless it is postponed again.

This situation heralds serious difficulties for the signing of the treaty before the end of 1995. It now seems more probable that the two countries will sign during the first half of 1996.

Diego Varas, the Chilean commercial attache in Lima said: "There are difficulties because the differences are great. Nevertheless, both countries have the political will to reach an agreement."

He outlined two elements that make the process of integration difficult: The tax return on Chilean exports, and the list of exceptions presented by Peru.

"Peru seeks a few points that will be very difficult to grant. We are specifically speaking about the tax return on Chilean exports, which Peruvians consider a subsidy. They consider that tax returns create unfair competition," Diego Varas adds.

It is important to recall that the system of tax returns on exports is being gradually eliminated in accordance with norms imposed by the old GATT, the current WTO.

Peruvian negotiators demand that Chilean products enter Peruvian territory without expecting a tax return or paying tariffs.

Chile's main problem for signing the agreement is the long list of exceptions presented by Peruvian negotiators.

The Peruvian list contains 358 items, compared to the 117 items on the list presented by our country.

Varas said: "Peru's list is huge. It seeks to stifle nearly half the volume of trade. The Peruvian negotiators do not want to reduce the list and we will not sign the agreement under those conditions."

The diplomat concluded by saying that Peruvian-Chilean trade this year will increase by nearly 60 percent to $600 million.

Of this, $450 million are Chilean exports and the rest are Peruvian exports.

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Officials Urge End of Bolivian Transport Monopoly

PY1711213695 Santiago EL MERCURIO in Spanish 12 Nov 95 p C3

[Article by Mauricio Silva]

[FBIS Translated Excerpt] Arica — Eduardo Salas, regional ministry secretary of transport of the First Region [Seremi], yesterday explained to Chilean Foreign Relations Secretary and Bolivian Deputy Foreign Minister the legal and economic basis that, in his opinion, suggests the end of the Bolivian overseas freight transport monopoly in accordance with the 1904 treaty.

Chilean Under Secretary Mariano Fernandez said they tried to establish an agenda to deal with the matter, always within the framework of the general desire to liberalize transport between the two countries "and not as a specific point."

The Seremi announced that this is the first time a Chilean official has made such a proposal during an official meeting of the two Foreign Ministries, and expressed satisfaction over the receptivity among the Bolivian delegation of officials and businessmen who, although they said it is a complex issue, were willing to listen to his arguments. [passage omitted]

Appointed Senators Reject Reforms Approved by RN

PY1711221795 Santiago EL MERCURIO in Spanish 14 Nov 95 p C3

[FBIS Translated Text] Valparaiso — The eight appointed senators yesterday expressed their categorical rejection of the three constitutional amendments approved by the National Renewal [RN] General Council and warned that such amendments essentially distort the balance of the constitutional political system.

They said that the institutionalization of the Senate as a chamber of exclusively political integration will seriously affect the moderating, judicial, arbitrational, advisory, and consultative functions of the Senate.

The appointed senators who held a special meeting yesterday analyzed the political decision adopted by the majority of the RN General Council and issued a six-point statement:

"1. We respect the decisions adopted by any political party within its constitutional, legal, and statutory regulation, as is our citizen duty;

"2. It is not up to us to pass judgement on those aspects of the agreed-upon decision, which reflects attitudes or expressions which are appropriate of an opposition party;

"3. We are especially worried and alarmed by the decisions adopted concerning the three points in which the executive branch and the coalition have been trying to change the order of our Constitution: National Security Council, Constitutional Court, and appointed senators.

"We believe that these three reforms represent a whole set that cannot be treated separately, and, as such, we reject them unanimously and categorically, because they essentially distort the balance of the institutional political system.

"4. Concerning the proposed future elimination of the appointed senators, reducing the number of senators to 38, elected by direct vote, we want to exercise our right and our duty to be something more, as detailed here:

"a) The institutionalization of the Senate as a chamber of exclusively political integration will seriously affect the moderating, judicial, arbitrational, advisory, and consultative functions of the Senate;

"b) We are particularly concerned over the situation in which judges from the superior courts of justice, the generals and admirals of the Armed Forces of the national defense, and the comptroller general of the Republic will remain following a constitutional accusation when depending on a political court made up in the same manner as the accusing chamber;

"c) Likewise, all types of laws — whether on economics, labor, social security, tax, etc. — will be left absolutely at the discretion of the judgement of the majority of current politicians;

"d) We are likewise concerned over the weakening role of the Armed Forces in our constitutional order as a consequence of the distortion of the functions of the National Security Council and of the beginning of the Constitutional Court;

"5. We want to thank RN senators and former Senator Sergio Onofre Jarpa, who have perceived and understood the tremendous moral pressure that is being imposed on us as of today;

"6. We want to reaffirm our confidence in our current institutional system and we regret the fact that some of its authors have found it appropriate to change it in a very serious and unsuitable manner."

The statement is signed by Senator Olga Feliu and her appointed colleagues Vicente Huerta, Ricardo Martin, Santiago Sinclair, Sergio Fernandez, Ronald McIntyre, and William Thayer. It is also signed by Senator Carlos Letelier, who did not sign it because he was not in Santiago, where the document was issued. [sentence as published]

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Yesterday's special meeting was called by the heads of the committee, Santiago Sinclair and Ronald McIntyre. It was held from 1100 to 1330 at the office of Senator Olga Feliu. All appointed senators attended the meeting except for Carlos Letelier, who was in Vina del Mar but who was informed over the phone on each agreement reached.

Senator Thayer was charged with preparing the statement, accepting the proposal of each of his colleagues.

It was also learned that all senators were "very surprised and hurt" over the discussion and voting on the elimination of the appointed senators, which is due to be adopted in 1996 or 1997.

They were just as much, and even more, "hurt" with Senator Sergio Diez because, until his heated speech to the RN General Council justifying the constitutional reforms, he had been defending the appointed senators.

For this reason the final paragraph of the statement is dedicated to Diez.

It has been learned that this change in the National Renewal senator's attitude could have an impact on the vote the appointed senators would have to cast in March 1996 when the Senate's board will have to be reshuffled.

OAS Promotes Initiatives for Regional Peace

PY1711232995 Santiago EL MERCURIO in Spanish 10 Nov 95 p C4

[FBIS Translated Excerpt] OAS Secretary General Cesar Gaviria has reaffirmed his desire to maintain peace in the hemisphere and to promote new development programs that will allow the nations to work in a dynamic and efficient manner.

Gaviria is in Chile participating in the Regional Conference on Measures to Foment Confidence and Security at the Diego Portales Building. The conference will end on 10 November.

Yesterday he carried out a number of official activities, including a meeting with Senate President Gabriel Valdes and a meeting at La Moneda Palace with President Eduardo Frei.

After this meeting, Foreign Minister Jose Miguel Insulza said the Chilean Government supports Gaviria's proposal to reform the OAS and to establish a new agenda in accordance with the regional situation.

During the meeting, Gaviria reportedly agreed with the principle of finding a regional solution to conflicts between nations to prevent actions by the UN Security Council, and that this is the Chilean Government principle.

Present at this meeting were Economy Minister Alvaro Garcia and International Economic Relations Director Carlos Mladinic. [passage omitted]

Argentine Defense Minister Interviewed on Ties

PY1611155695 Santiago EL MERCURIO in Spanish 6 Nov 95 p C10

[Report by special correspondent Patricio Gonzalez]

[FBIS Translated Text] Bariloche — Upon arriving in this city, where he will preside over a ceremony to open the 22d Conference of Armies of the Americas, CEA '95, Argentine Defense Minister Oscar Camilion yesterday emphasized the excellent status of the relations existing between Chile and Argentina, especially in the military area.

Interviewed by EL MERCURIO at the Llao Llao Hotel, the venue for the CEA conference, Camilion emphasized that for many years both his country and our country have been increasing their efforts to implement measures of mutual confidence and consultations at the Defense Ministry and government levels.

With regard to concerns existing in some Argentine sectors over Chile's military projects, the Argentine defense minister said: "With both the current minister, Edmundo Perez Yoma, and Patricio Rojas, the former defense minister, we discussed all issues of concern and interest to us. We even discussed the issue involving the Chilean Rayo missile and the dismantling of the Argentine Condor missile."

Camilion noted that his government does not seek, through this policy, to maintain a rational and intentional "balance" with its neighbors, as, in his opinion, such balance should be achieved spontaneously. He noted: "Nevertheless, we believe in this balance. We believe that any military imbalance in this zone is dangerous. At this moment, we are working very specifically at a continental level on improving measures of confidence."

Even though he did not want to comment on whether this would be the official stance his government would put forth at the current CEA conference, Camilion noted that Argentina is especially interested in maintaining good relations with Chile and Brazil. Therefore, opportunities — such as this military conference — to hold meetings with Chilean and Brazilian military and government authorities are not missed.

In response to a question, the Argentine defense minister noted that "of course" he would greet General Augusto Pinochet in Bariloche, "as I would greet the U.S. Army chief of staff, the Brazilian Army chief of staff, and so on."

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Camilion said he had not scheduled any special meeting with the Chilean general, and expressed the belief that he would not schedule such a meeting because he begins touring the military units headquarters in this area on 7 November and will subsequently return to Buenos Aires.

Camilion confirmed that there are no major problems with Chile and that his government is not concerned at all over our country's recent military purchases to renew the obsolete war materiel.

With regard to the Rayo missile, on which FAMAE [Army Ordnance] recently achieved an agreement with the British company Royal Ordnance, the Argentine defense minister pointed out that it is merely a common artillery system that has a shorter range than even the Argentine 155-mm cannon.

Camilion noted: "Argentina has manufactured missiles, which now are not being constructed, such as the Alacran and Condor missiles, with ranges (160 and 600 km, respectively) significantly longer than the 35 km achieved by the Rayo missile and with a greater capability."

Colombia

Agreement Reached With Venezuela on Border Issues

PA2011043695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 19 Nov 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] The foreign ministers meeting along the Colombian-Venezuelan border have produced more than handshakes this time. Colombia was able to convince Venezuela on two important issues. The first pertains to the issue of hot pursuit that the Venezuelan Government had been talking about and that now will no longer be a topic for debate between the two countries.

The situation was that Venezuelan troops would pursue Colombian guerrilla forces and, if necessary, would enter our territory to fight them. In February, the Venezuelan president spoke about this possibility after a National Liberation Army column attacked a Venezuelan patrol and killed eight soldiers in Venezuelan territory. Now, the Venezuelan Government has dismissed this possibility during the discussions by the commissions in Puerto La Cruz. Each army will pursue rebels in their territory.

The second big victory for Colombia is that the Perija border zone will be marked once and for all and will be marked as established by international treaties; that is, on the crown of the mountain range and not on the slopes, as some Venezuelans had been calling for.

President Caldera gave his word about this matter. The issue will be debated in the Venezuelan Congress next week.

President Asks Rebels To 'Humanize' Conflict

PA1911011995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 18 Nov 95

[Report by Fernando Rincon and Orlando Guerrero from the "Seven O'Clock Newscast"]

[FBIS Translated Text] After the announcement of strict measures in Palanquero, President Samper went to Popayan to tell the guerrillas to at least humanize the conflict. Orlando Guerrero reports.

President Ernesto Samper announced here in Popayan today that his government will continue seeking rapprochement with the guerrillas in order to stop or at least decrease the level of violence affecting the country at the moment. Samper made the announcement at the ceremony to deliver more than 7 billion pesos to the Cauca Indians. The money is part of the 1,119 subsidies the government has allocated for the same number of Indian families:

[Begin Samper recording] My constitutional commitment in the quest for peace is as serious and firm, as I see it, as my constitutional and steadfast commitment to maintain and preserve public order; therefore, my government will continue to seek ways to reach an understanding with the armed groups to humanize the war. If we are unable to end the armed conflict now, we should at least not allow the innocent civilian population to be affected by it. [end recording]

Gomez Killing Poses 'Challenge' for Samper

96P20095A Santa Fe de Bogota EL TIEMPO in Spanish 5 Nov 95 p 4A

[Commentary by Enrique Santos Calderon]

[FBIS Translated Text] Everything suggests that the attack against attorney Cancino and the attack that claimed the life of Alvaro Gomez Hurtado have the same origin, though there is no apparent political logic to this. How are we to understand, in effect, that the president's leading defender is attacked—and then, one of his leading opponents?

It can only be understood in terms of the logic of destabilization at any cost, and for this it is not required that terrorist acts make a lot of sense politically, but that they create a sense of anarchy and chaos, a sense of a power vacuum. And this is what its authors seek

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to do. In addition to demonstrating their capacity to do damage.

Who could be behind such abominable acts? Are they related to the attack in Medellin's San Antonio Park, with its terrifying toll of 30 dead, the day after the capture of Gilberto Rodriguez—which was the first sign that a new kind of terrorism could be brewing.?

Calls made to radio stations after each one of these episodes suggest that the episodes could be connected. Because of the voice, and the terminology and threats they contain—among other things, that of the "indiscriminate killing" of public figures. This would explain why there is not necessarily a political connection between the chosen targets. It is enough that the attacks against them have a destabilizing effect.

Among all these versions going around, and after listening closely to three different tape recordings, the most convincing hypothesis is the one that seems to point to dissident drug traffickers of the Cali Cartel, who feel persecuted and betrayed—and who are ready to demonstrate that they play by different rules and are capable of destabilizing the country.

In addition to the threats of "turning the country upside down" and "fall who may," the recordings always contain violent attacks against the Samper government, criticisms that he has not told the whole truth about the presidential campaign and all kinds of contradictory pronouncements with a patriotic ring. How much more contradictory can one get than to call oneself "Dignity for Colombia" and then to assassinate one of the figures—Alvaro Gomez Hurtado—who most symbolized national dignity?

Other hypotheses that speak of the guerrillas or of coupist or ultrarightist sectors appear weaker to me, although they shouldn't be dismissed entirely. Nothing can be discounted in a country where there are narcoguerrillas and narcoparamilitaries and where the most diverse expressions of political and social violence are interwoven and feed one another.

And so, we could be facing a surge of a new wave of narcoterrorism with unforeseeable ramifications and consequences. Little is known about the first of these, and we cannot discount that they may have a connection to disenchanted elements of the Armed Forces where, in the past, drug trafficking has demonstrated the capacity to penetrate.

The main objective of this form of indiscriminate terrorism is to create a power vacuum. To what end? To intimidate the government so that it lowers its guard vis-a-vis the drug traffickers? To take revenge on a president who made a point of going after those who financed his campaign? To force the resignation of Samper? To provoke the military into taking a stand? All hypotheses fit, here.

What is indisputable is that Samper is facing a challenge that will test all of his leadership capacity. It is a situation that will do him in or strengthen him, depending on how he responds and the ability for uniting people he demonstrates.

The latter will require a doubly big effort on the part of a president who is being questioned and who finds himself in the eye of the hurricane. But this is his big responsibility at present: to really govern and command; to apply all measures—however drastic—that contribute toward holding off a wave of terror that could grow.

People do not want more rhetoric or speeches against violence. They want those who perpetrate violence to be stopped, for the State security and intelligence services to talk less and do more, and for the Constitutional Court to establish itself in Colombia and stop weakening the Executive's ability to defend public order.

The way things are, this country appears ready to agree to the death penalty—and even a public firing squad in the Plaza de Bolivar—for the material and intellectual authors of these acts of terrorism, just like those who tried to kill General Rafael Reyes were executed. If they are ever captured, that is—because the most drastic of measures are of no use if those responsible are never found.

Just as there is no use in having a Constitution replete with the most noble social rights, or a democracy with utopian laws, when what is lurking in the the streets and by-ways are death and barbarism. Those models come up short when the day-to-day reality refutes them in such a continuous and flagrant manner.

We in Colombia are reaching the point of exhaustion. This country's capacity to endure cannot be infinite, and the assassination of Alvaro Gomez is the greatest proof of the degree of dissolution we have reached. If, in the face of this assassination, there is not a real institutional, coherent, and forceful reaction, and if those in charge of the country do not exercise the leadership society demands, then those who perpetrate violence in this country will have won a decisive battle.

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Justice Minister Discusses House Arrest

PA1711160395 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Nov 95

[Telephone interview with Justice Minister Nestor Humberto Martinez by News Director Dario Arizmendi; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] Mr. Minister, what are the expectations of the Samper administration with regard to the bills that were submitted to Congress, bills whose debate began yesterday to make permanent the measures contained in them?

[Martinez] I would say that judging from the results we obtained from the internal disturbance decrees during the time they were in effect, there is a favorable climate to thoroughly discuss these bills at the Senate. The debate began yesterday. I am pleased to say that all of these initiatives have favorable proposals on the part of those who will be presenting them at the Senate and the Chamber of Representatives. This is the first positive step in this legislative effort to turn these initiatives into permanent legislation.

[Arizmendi] Mr. Minister, an EL TIEMPO editorial and SEMANA magazine, as well as many other sectors have expressed their shock, to say the least, over a statement made by the Office of the Prosecutor General favoring the granting of house arrest to Santiago Medina. What is the government position on this as far as the current laws are concerned?

[Martinez] The truth is that the Justice Ministry is not aware of the details of the case or the circumstantial aspects for this decision. However, it is evident that certain aspects would have to be clearly indicated with regard to the granting of benefits for cooperating with justice before an opinion can be voiced. Such action is applied only in very special cases. The so-called benefits—which are completely new in our legislation—are under a category of criminal law known as criminal law rewards [derecho penal premial] but the true nature of criminal law seeks punishment and retribution in the face of a damage done to society. As an exception, criminal law can grant benefits in efforts to dismantle criminal organizations. This is what is known in Italian law as the granting of benefits to catch fat cats. This is what the commission that assessed the policy of surrendering to justice voluntarily [politica de sometimiento a la justicia] when, together with the Attorney General's Office, the Supreme Court, the High Council of the Judiciary, and the Office of the Prosecutor General, we said that the benefits were feasible within the strict framework of an effort to dismantle criminal organizations that have the capacity to accumulate wealth, the knack to keep growing, and the ability to cause damage and destruction.

[Arizmendi] Then, in this case...

[Martinez, interrupting] This is a case in which all this applies and the benefits for collaborating should be considered. However, one must also mention that the benefits can be applied only when the cooperation was effective. In other words, we feel that the effectiveness of such cooperation can only be measured to the extent of the results in the process. It is a big mistake in the legislation to consider granting such benefits when the case is merely in the investigative stage. To make this measure feasible, there is a problem with regard to operations which I feel I must mention. All the institutions that analyzed Law 81 in due time have already stated this: there are vacuums in the regulations as to how it must be applied. The conditions under which this measure can be applied must be defined. The mechanisms of control and vigilance to make such a measure effective must be defined. The Penitentiary and Prison Institute [INPEC] is responsible for the administration of the country's jails and penitentiaries but it is not legally empowered—there are difficulties in terms of security and the vigilance of inmates—to carry out such duties outside the walls of jails and penitentiaries.

[Arizmendi] From what standpoint then, would the INPEC not be able to guarantee the safety of those individuals who were granted that unique recourse of house arrest?

[Martinez] Dario, that is an issue that is causing a lot of concern as relates to the manner in which this measure could unfold in the future. In those highly unusual cases that have been taking place the authorities have found themselves in the need to request cooperation from the police. In several other cases assistance has been requested from the INPEC, which has been unable to provide adequate custody service as required by the authorities, sometimes due to problems of jurisdiction, and specifically due to the absence of an infrastructure that will make this custody service efficient.

[Arizmendi] Mr. Minister, has the government expressed its standpoint on this issue to the Office of the Prosecutor General?

[Martinez] Dario, the problem lies in that all these issues are taking place at a time when some specific legal cases are also unfolding and where the government is not one of the parties involved. However, from the conceptual point of view, of course everyone is aware of what is taking place more so because these issues were debated and are incorporated in a document signed by

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all government institutions, even the prosecutor's office, when Law 81 was discussed as part of a report prepared by the commission that analyzed the Surrender bill.

[Arizmendi] How does the government interpret the prosecutor's decision to pre-announce its favorable position with respect to Medina being allowed house arrest? There has been much rumor circulating in the street about this issue.

[Martinez] Dario, of course that is not a specific obligation that pertains the executive branch in this particular case since it would entail an attempt to evaluate a judicial ruling. In this case, we are referring to a ruling by the Office of the Prosecutor General. However, I believe that from a conceptual point of view, it is important to keep in mind that this measure should be restrictive and based on the legal stipulation of how effective the cooperation was. In what other way can cooperation be efficient if the process is still ongoing? It is for this reason why we believe that a law can be criticized when it introduces the likelihood of granting this type of recourses when efficiency is solely being measured in terms of existent penal law or in terms of results obtained in restraining organized crime.

[Unidentified reporter] According to that, Mr. Minister, it is possible that the principle regulating those provisions offering the benefit of house arrest may be interpreted improperly? In what other way is the government seeking formulas to solve this issue?

[Martinez] All legal decisions should be viewed from a conceptual point of view, which is the framework that should be used as a reference point, and after having analyzed similar measures in use in other countries where it has been developed significantly. Of course, the conceptual point of view marks and clearly defines the strict limits as to when these measures are applicable. It is for this reason why we have stated that Law 81, when it foresees the likelihood of applying this type of measure, even during the early phase of investigation, is promoting a confusion because even during the initial stages, as a matter of principle, it is still too early to deduce how effective the cooperation has been.

Armed Forces Commander Explains Military Changes

PA1911174595 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2335 GMT 18 Nov 95

[FBIS Translated Text] In response to criticism from 4th Army Division and 7th Army Brigade commanders who disagree with the retirement process, General Hernando Camilo Zuniga, commander of Colombia's Armed Forces, has issued the following communique:

The General Command of Colombia's Armed Forces reports to the people:

1. The Military Joint Staff hierarchy and the Colombian Army and Air Force command divisions, brigades, tactical units and their equivalents, have been reorganized respecting and safeguarding institutional and national objectives and principles.

Although the changes have not pleased some officers, the purpose of the decisions has not been intended to reprobate the work they have accomplished at their various posts.

2. The changes and new decisions were adopted following analysis and agreement by Armed Forces commanders and high-level government officials.

3. This type of change takes place normally at the end of each year. It is a part of the intrinsic dynamics that the military institution's pyramidal structure has and requires.

Signed: General Hernando Camilo Zuniga Chaparro, commander in chief of the Armed Forces.

Ecuador

President Urges People To Participate in Plebiscite

PY1811024595 Quito Voz de Los Andes in Spanish 2300 GMT 17 Nov 95

[FBIS Translated Text] President Sixto Duran-Ballen has reiterated his appeal to the Ecuadoran people to participate in the plebiscite scheduled for 26 November and at the same voiced his optimism over the results this plebiscite may yield.

[Begin Duran-Ballen recording, in progress] ...a process under way throughout the country. I visited several provinces during the past few weeks. It is interesting to see how the results of polls showing the Ecuadoran peoples' desire to participate in this plebiscite is reflected in the attitude of the people who express to their president their support for the decision to hold a plebiscite.

Through this means I make an appeal to the citizenry, to the journalists, to make every effort possible for this process to develop in the most calm and efficient manner possible. [end recording]

This was the chief of state reiterating his appeal to the Ecuadoran people to participate in the plebiscite he has summoned for Sunday, 26 November.

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Details of MOMEP Consultation Committee Meeting Disclosed

PY1811024995 Quito Voz de Los Andes in Spanish 2300 GMT 17 Nov 95

[FBIS Translated Text] We have received the following communique from the Brazilian embassy in Quito:

Ecuador-Peru Mission of Military Observers [MOMEP] headquarters in Quito, Ecuador.

Press communique No. 31.

MOMEP activities for 17 November:

The public opinion is hereby informed that the fifth meeting of the MOMEP Higher Consultation Committee was held on 16 and 17 November, at the Brazilian embassy in Quito, with the purpose of discussing the following important issues:

1. Mention was made of the recovery of the remains of Ecuadoran and Peruvian military personnel in the demilitarized zone. In this regard, mention was also made during this meeting to the high degree of cooperation, the professional attitude, and effort shown by the personnel of the parties involved in these areas of search and rescue;

2. The second addition of Ecuadoran and Peruvian observers—one major and one captain of each country—to the MOMEP-2 will be carried out on 19 November. At the same time the first reduction of observers—one observer from Argentina, one from Brazil, one from Chile, and one from the United States—of the guarantor countries will take place: These observers will return to their respective countries on the same day. This is another clear sign of the high degree of confidence reached during the past few months between Ecuador and Peru.

3. The Ecuadoran and Peruvian liaison officers have been urged to get their military authorities, at various levels, in the border region to continue to maintain a direct communication in order to increase mutual confidence as well as well as becoming well acquainted for the full implementation of the joint safety manual.

The next MOMEP-2 Higher Consultation Committee will be held in Lima, Peru, on 4 and 5 December.

Peru

Foreign Minister on Request for New Drug Accords With U.S.

PY1711171595 Madrid EFE in Spanish 0200 GMT 17 Nov 95

[FBIS Translated Text] Washington, 16 Nov (EFE)—Peruvian Foreign Minister Francisco Tudela said in Washington today that the Peruvian Government has requested that the United States revise bilateral agreements on drug enforcement.

Tudela, who ended a five-day official visit to Washington today, said he had submitted the terms for revising these agreements during a roundtable discussion held with U.S. Department of State officials.

During a news conference held at the Peruvian Embassy, Tudela said: "We strive to achieve greater flexibility on a series of issues in order to expedite the drug enforcement process."

During his stay in Washington, Tudela held several meetings with high-ranking government officials, among them Strobe Talbott, U.S. deputy secretary of state and number two man in the State Department.

According to Tudela, the Peruvian Government's policy of eradicating drug trafficking has resulted in the plummeting of coca leaf prices from $70 to $7 per arroba (11.5 kg). This, in turn, has caused a 20-percent decrease in the price of drugs in the United States.

According to Tudela, the success of the drug enforcement struggle cannot be measured solely on the basis of the number of hectares of eradicated coca farms but on other factors such as "the innumerable downings of drug traffickers' planes, the interruption of their air lifts, and the disruption of drug traffickers' gangs."

Drug enforcement and human rights violations have been the main issues in U.S.-Peruvian relations for the past two decades.

Tudela said: "It is true that human rights violations still occur in Peru, but these are isolated and sporadic cases."

Francisco Tudela said that the objective of his visit to the United States was to promote a change in Peruvian-U.S. bilateral ties, which had evolved from negotiations to cooperation.

Tudela said: "This change of approach is due mainly to the great stability that Peru is currently enjoying under President Alberto Fujimori's second term in office."

During the news conference, Tudela said that Peru does not support the U.S. embargo on Cuba in view "of the disastrous effects it has on the health of Cubans and because it has no impact on the Cuban political class." He noted, however, that "this does not imply support for Fidel Castro's regime."

Concerning his visit to the Pentagon, Foreign Minister Tudela said that Peru has no intention of buying or acquiring arms or of rearming itself in view of the conflict with Ecuador. Tudela also praised the

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intermediary role that the United States played during the conflict with Ecuador.

President Says Economy Experiencing 'Deceleration'

PY1711221395 Lima EL COMERCIO in Spanish 25 Oct 95 p A5

[FBIS Translated Excerpt] Yesterday, President Alberto Fujimori disclosed that during the past few months the country's economy has experienced a "deceleration" due to circumstantial reasons such as the conflict with Ecuador and the municipal electoral campaign.

Fujimori added that this process was also prompted by the government in order to generate a balanced development in the various sectors.

The president said: "Decelerating the economy to prevent it from overheating implies slowing down growth in certain sectors to avoid an excess production the country cannot handle, which risks discouraging capital investments."

During an informal chat with the media, Fujimori admitted that the economy grew too fast at an average rate of 5 percent, although it reached 8 percent of the GDP.

Fujimori commented, however, that this "deceleration" will not affect the economic program, "because stability is the basic requirement for any program."

The president said that Peru was supposed to end the year with a growth of 7.5 percent of GDP.

He also mentioned that expenditures during the undeclared war with Ecuador amounted to 100 million soles.

The chief of state also commented that tax collection during the past few months, especially the General Sales Tax, has dropped. The government's goal for this year is 13 percent.

After visiting several schools that are being built, Fujimori said that "there has been a slowdown, but in three months' time the economy will resume its growth and impetus."

Fujimori said that national development is not a process that "will be imposed from abroad," referring to some recommendations from international financial organizations.

He stressed: "It is a process that we must increasingly control from within the country, in keeping with the Peruvian country and peoples' interests."

The slowdown of the economy was felt especially in the construction of schools in Lima and Callao, where 60 buildings were paralyzed due to a shortage of resources during August and September.

In this sense the chief of state announced that he has ordered the Economy Ministry to disburse 16 million soles to complete the construction of these schools. He commented that is only a matter of 60 schools but it was learned that there are other paralyzed projects in the interior of the country.

A few hours earlier during the inauguration of the Construction Institute, he urged all sectors, not only the construction sector, to contribute to the country's development.

Fujimori said: "We must see that development spread and increase, right now our growth has experienced a slowdown but it is just circumstantial and we hope that it will pick up strength in the coming months." [passage omitted]

Benefits of Participation in Brady Plan Debated

PY1811010195 Lima LA REPUBLICA in Spanish 29 Oct 95 p 6

[Commentary by Mirko Lauer: "Brady Plan, Who Made the Deal?"]

[FBIS Translated Text] Peru has joined the Brady Plan but the fact that this will entail a 45-percent reduction of the foreign debt with the commercial banking sector, as headlines report, is debatable. The country is going to start paying 55 cents for each dollar of a commercial debt which not long ago was worth between five and 10 cents for each dollar.

The neoliberals do not need to be told that the real value of something is the value it has in the market, and this administration inherited a commercial debt (and the foreign debt in general) at a minimum value in the secondary markets. Instead of buying that debt cheaply, as Bolivia did for example, this administration made sure it went up in price.

Consequently, Peru has managed to reduce its debts by 45 percent in merely formal terms. What it has managed to do in real terms, with patience and dedication, is to increase by fourfold the value of that debt in five years. The creditor bank must be very grateful. This is why they give us the "special treatment" some newspapers talk about.

On the other hand, it is difficult to understand why some time ago Peru started purchasing half of its debt with the commercial banking sector at 50 percent of its value if in only a few months time it was going to obtain better terms and generous deadlines to honor its debt. Now

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that operation with the Swiss Bank has really become a state secret, as Alberto Fujimori said.

It seems that the purchase of the debt at half its price was a generous advance payment to the creditors who now can grant Peru all sorts of concessions, but with the money in their pockets. No wonder all this, part of the great deals, is being kept secret from the Peruvian people.

It is quite likely that the payments to the commercial banking sector was a U.S. demand, such as the payments to the Chemical and American Express Banks for the Pachitea and Mantaro projects or to the AIG [American Insurance Group] for Belco, or the laws establishing a new monopoly on videos. Why does Fujimori talk about this as a new achievement?

The argument that by doing this we finally resume our place in the international financial world is as suspicious as the one about the reduction of the foreign debt. What Peru has done is to revalue a debt that was almost worth nothing. Bolivia purchased its own commercial debt by a minimum fraction of its value and continued to function as a country without problems.

As for the healing characteristics of the Brady plan, we mustn't forget that Mexico was the pioneer, almost the inventor, of this system to relieve the creditor banks, and look at it now. Therefore, if anyone thinks this will help solve the trade balance current account deficit, he is mistaken.

Therefore, there is nothing to celebrate. This is merely a swelling up of what the Peruvian contributors must continue to pay the greedy local and foreign financiers who surround the decreasing Peruvian resources.

Analysts: Mexican Cartels Helping Coca Growers

PY1711231995 Lima EXPRESO in Spanish
29 Oct 95 p A14

[Article by Cesar Reategui]

[FBIS Translated Text] Intelligence analysts believe that the Mexican cartels are pressuring the leaders of the "firms" of Peruvian drug traffickers to force the coca growers in the valleys, where coca is grown, to fight against officials to get the government to stop its drug enforcement operations in order for the growers to continue their coca supply to the foreign mafias.

The chiefs of the criminal gangs still operating in the Huallaga, Ucayali, Amazonas, and Maranon valleys have been forced to take refuge in Urubamba, and in the Madre de Dios jungle region. They are also taking refuge in the inaccessible forests of San Lorenzo, Iberia, Laberinto, and areas around the Acre River at the Brazilian border.

The chiefs of the Guadalajara, Sonora, Jalisco, and Tijuana cartels want to turn the regions where coca is grown into "liberated zones," similar to the ones in Chiapas, Mexico; Chapare, Bolivia; and Guaviare, Colombia, where the drug trafficking gangs operate without any state control.

According to information gathered by intelligence sources, the coca growers of Huallaga and mainly of Apurimac-Ene—which in the last few weeks protested because of the pursuit of the Army antidrug units, which forced drug traffickers to escape and lowered the price of coca—would be the first ones to take action against the government.

As it happened in Chapare (Bolivia) and Guaviare (Colombia), the mafias will probably direct and finance the closure of roads, demonstrations, and attacks against local and public buildings, and perhaps the takeover of a distant airport in a jungle region.

As happened in Guaviare, the drug traffickers intend to blackmail the government. As can be recalled, Colombian Minister Horacio Serpa "negotiated" with the Colombian coca growers and since that time that region remained in the hands of the narcos. The police can only intervene with the authorization of the Ministries of Defense, Agriculture, and Environment, Amnesty International, and nongovernmental organizations involved in the defense of human rights.

In addition to that, the drug cartels were able to get President Ernesto Samper to promulgate a law that allows the cultivation of up to three hectares of coca, which lead to the emergence of small coca farms.

The drug traffickers divided large pieces of land in accordance with the new regulation.

In Chiapas, where drug trafficking is also present, weapons and drug smuggling operations increased considerably, according to the CIA.

In Peru, the "firms" of Huallaga have not stopped their criminal operations. Although it is true that the antidrug forces hit them hard in the last 30 days seizing drugs, weapons, and equipment to prevent the shipment of drugs abroad, the drug traffickers are reopening the clandestine airfields in zones where the presence of military patrols is nil.

It is known that the new airfields are located in the areas of Puca Urco, Buena Vista, and near the Sabaloyacu River, in the Putumayo region, which is adjacent to the Colombian settlements of Tolima, Santa Julia, and Puerto Alegre.

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There are also airfields in San Gregorio, Breu, and Puerto Portillo in the Ucayali basin, and also near Abuja and Uroquinea in the Pachitea basin. According to intelligence analysts, the drug traffickers will continue building new airfields near the Brazilian border.

It is probable that new clandestine airfields already exist in San Lorenzo, Shiringayoc, and Iberia, and also near Las Piedras River which are difficult to see because of the thickness of the jungle.

According to the investigations, some drug trafficking gangs are reportedly storing cocaine in the zones of Huacrachuco, San Pedro de Chonta, Punos, Callejon de Conchucos (Ancash), La Libertad mountain range, and Jaen (Cajamarca) to send the drug to Ecuador.

According to the DEA, money laundering is not only done in the Ruminahui Bank, under the control of the Ecuadoran military leaders, but transactions are made with the Mexican cartels and the Ecuadoran criminal gangs.

It was reported that yesterday, 1 metric ton of cocaine on its way to Ecuador was seized in Rotterdam.

The drug traffickers operating in the basin of Pachitea, Maranon, Amazonas, and Urubamba are exclusively concentrating on storing large quantities of cocaine base because of its low price in the drug market.

Hundreds of peasants, who refuse to be manipulated by the "firms" in actions against the government, are reportedly immigrating toward Cusco and Madre de Dios to join the large number of prospectors searching for gold in the Tambopata River.

Venezuela

Foreign Minister Meets Cuban Counterpart Robaina

PA1711182395 Caracas EL UNIVERSAL in Spanish 14 Nov 95 p 1-10

[Report by Clodovaldo Hernandez]

[FBIS Translated Text] The foreign ministers of Cuba and Venezuela, Roberto Robaina and Miguel Angel Burelli Rivas, respectively, voiced their satisfaction yesterday over the new thrust given to their countries' bilateral relations after a period of stagnation caused by political and economic factors.

Robaina and Burelli Rivas met for over an hour at the Yellow House and later installed the fourth meeting of the Political Consultation Mechanism between Venezuela and Cuba that will meet until 17 November to discuss the best ways to revive the bilateral agenda.

The main topic, which is the foundation of the effort to revive their relations, is a possible agreement to settle Cuba's $48.2 million debt to Venezuela.

Cuba said that it cannot pay this debt unless facilities are granted to its exports as those given by countries in the region such as Mexico and Brazil.

Robaina talked about "solutions or new proposals because Cuba does not have the necessary liquidity, but it does have the creativity to propose different ways to settle the debt issue."

Burelli Rivas abstained from delving into the modalities that could be used to pay that debt, but he advanced that "the ideas presented are viable and are tied to exports, Venezuelan investments, and the transfer of technology in the area of generic medicine."

The Venezuelan foreign minister pointed out that a specific agreement will be signed when he travels to Havana to reciprocate Robaina's visit. This trip will not be in December, as was initially thought, but toward the end of the first trimester of 1996 to allow time for the agreement's technical aspects to take shape.

Energy

Energy is among the main topics of Cuban-Venezuelan trade relations and especially petroleum and petrochemicals.

We want to know whether they are interested in using orimulsion to produce electricity and to find ways to sell petrochemicals, especially fertilizers, Burelli Rivas added.

Another possibility being discussed is the refining of Venezuelan petroleum in Cuban facilities. "We are talking about a refinery in Cienfuegos," the Venezuelan foreign minister admitted.

Relations in the energy area were interrupted abruptly after the collapse of the Soviet Union, country with which Venezuela maintained an agreement to simplify shipments and save its tankers from making long trips.

Trade with Cuba collapsed after this supply was suspended. In 1990 products valued at $464 million were exported and only $69.5 million have been exported so far this year, Estela Hidalgo, director general of the Foreign Trade Institute, reported.

According to the agreement with the former superpower, Venezuela supplied petroleum to Cuba and the USSR shipped an equal amount to Venezuelan refineries in Germany. This saved the cost of transporting crude from Venezuela to Germany and from the USSR to Cuba.

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The two foreign ministries hope that the new thrust given to their relations will revive trade between Cuba and Venezuela that grew at the beginning of the decade and plummeted drastically and stalemated afterward.

Venezuelan importation of Cuban products doubled from 1991 to 1992 to nearly $20 million, but there has been a drastic drop: only $5 million has been imported this year.

The main products sold to Cuba are: vulcanized rubber, herbicides, insecticides, barbed wire, and mineral water. Imports include not pulverized cement, human vaccines, iron and steel products, electrical and electronic instruments and devices, and solid sugar.

Colombian Minister Cited on Possible U.S. Border Assistance

PA2011014195 Paris AFP in Spanish 1909 GMT 17 Nov 95

[FBIS Translated Text] Puerto La Cruz, Venezuela, 17 Nov (AFP)—Colombian Foreign Minister Rodrigo Pardo said today Santa Fe de Bogota has "no differences" with Caracas regarding possible U.S. military assistance in reinforcing border surveillance on the Venezuelan side. He also referred to a recent statement by a Venezuelan congressman to Venezuelans regarding the western slope of the Oca Mountains (Perija Mountain Range).

His Venezuelan counterpart, Miguel Angel Burelli Rivas, hastily clarified that the U.S. military assistance will not be allocated to border defense "but, rather, specifically to fight drug trafficking."

"Drug trafficking is the leading enemy of relations between the two countries and the main enemy and threat experienced by humankind," he added.

Burelli Rivas clarified that the assistance has not been specified and that it could be technical assistance to guard the area of the Orinoco River and the Amazon region next to Brazil so as to eliminate the bridge between the drug dealers and the neighboring island of Trinidad and Tobago.

"The technical assistance would take place via the setting up of mechanisms to destroy clandestine plantations in the border areas and do a follow-up of the routes used by the drug traffickers," he said.

The Venezuelan foreign minister said his country expects Brazil to provide it with a satellite service to defend the Amazon and the Orinoco regions from the drug traffickers, guerrillas, and "garimpeiros," or Brazilian gold seekers.

Meanwhile, the Colombian foreign minister said: "I believe that what we, the official spokespersons, are doing by reacting to the individual positions permanently being stated by the various sectors of society does not benefit relations between the two countries."

"The two governments have no differences on this point, and that should be enough to guarantee stability and enable us to maintain normal relations," he concluded.

Increase in Brady Dollar Exchange Rate Raises Concern

PA2011012495 Caracas EL NACIONAL in Spanish 17 Nov 95 p E1

[Report by Werther Sandoval]

[FBIS Translated Text] The heavy increase in the Brady dollar quotation yesterday raised concern that the rate may definitely affect the production infrastructure and spark greater changes in consumer prices, while fueling the belief the executive will be forced to set the new rate at par with the Brady quotation once a devaluation is decided.

Yesterday, amid a nervous increase in the demand for dollars over the resignation of the members of the Exchange Administration Board [JAC], economic agents massively purchased dollars to increase by 13.20 bolivares the exchange rate set by the BCV [Central Bank of Venezuela]. The new BCV rate, 339.60 bolivares to the U.S. dollar, doubles the official 170 bolivares per U.S. dollar exchange rate.

"Everybody is nervous over the resignation of JAC members," Abraham Levy, president of the Association of Foreign Exchange Offices, has said. "The price of dollars has increased by 15 percent. This is crazy. In light of the lack of foreign exchange, the entire economy is moving toward Brady."

In October, the BCV reported that basic basket prices increased by 4.6 percent, bringing the year to date total to 39 percent. This figure places inflation in Venezuela as the highest in Latin America.

"If the Brady exchange rate is applied to the economy, the devaluation must begin from the rate set by these bonds," a broker has said. "The strong lack of dollars is already lasting months, and many economic agents are assessing costs at the Brady exchange rate."

The pressure of demand has raised the exchange rate to a maximum of 355 bolivares to the U.S. dollar, a level at which a slight offer began to appear. In any case, this did not give any hope to brokers on a possible downward trend of the bolivar.

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According to economist Rafael Marcano, cited by the ANSA NEWS AGENCY, the implicit parity will bring about a parallel inflation of 13 percent for November, given the "virtual nonexistence of dollars at the 170 bolivares rate, making the industry to purchase massively Brady dollars to assume their foreign commitments."

The amount exchanged was another element demonstrating the strength of the market, because the amount for the Caracas Stock Exchange and the Venezuela Electronic Exchange reached $71 million. This amount is close to the average $80 million traded in normal times.

"We are in the worse of two worlds," another broker has said. "I am concerned. Central Banks in markets elsewhere around the world step in to correct prices, but no one corrects anything here, and the bolivar may reach any level if there is no offer."

The two brokers have agreed they have customers with ships loaded with merchandise, docked at the ports, expecting to receive dollars at the official rate, but they do not come. "They are desperate. They should pay and only have the Brady," they concluded.

Cabinet Approves Issue of Bonds To Service Public Debt

PA1711182195 Caracas Venezolana de Television Network in Spanish 1545 GMT 17 Nov 95

[FBIS Translated Text] The cabinet approved an issue of bonds for 550 million German marks, which will be earmarked to service the public debt.

[Begin Fernando Egana, director of the Central Information Office, recording] The first placement of bonds of the Republic of Venezuela, without a need for collateral, in the international financial markets will be made through Germany's Commerce Bank AG. [end recording]

Fernando Egana explained that the decree authorizing this issue was approved because last Wednesday, Congress ratified the special public credit law for 254 million bolivares, which authorizes operations of this sort. The placement will be made through Germany's Commerce Bank AG, and the issue consists of long-term commitments—three years—denominated in German marks and issued by the Republic of Venezuela.

Fedecamaras Against New Taxes To Reduce Deficit

PA1811021895 Caracas EL NACIONAL in Spanish 16 Nov 95 p E1

[Report by Rosita Regalado]

[FBIS Translated Text] Fedecamaras [Venezuelan Federation of Associations of Chambers of Commerce and Industry] is angry at the Executive because of the way in which it is handling the various problems afflicting the nation, particularly the struggle against inflation and the fiscal deficit, by increasing taxes.

Fedecamaras President Jorge Serrano, accompanied by Aurelio Concheso and Luis Henrique Ball, first and second vice presidents respectively, and former Fedecamaras president Eddo Polesel, gave a news conference during which they presented the organization's official position.

The Venezuelan people, impoverished and confused, have had to finance the current administration's economic policy style, which has been excessively costly for the nation. Fedecamaras has expressed its position against this way of handling Venezuela's destiny. It also rejected announcements lacking specific measures, and attempts to cover the fiscal deficit by increasing taxes.

The policies implemented—Serrano noted—have already resulted in serious economic, financial, and social damage to the country. The business sector, extremely worried about the situation of poverty the population is confronting, deems it necessary to state the following:

1. Fedecamaras rejects as inconvenient government plans to cover the fiscal deficit by creating new taxes. Approving a Patrimonial Tax in addition to the one that already exists as Tax on Business Assets would create a confiscatory tax that would mainly hurt the middle class.

2. It is inconceivable for the government to try to endorse on imports and on citizens' travel expenses the loss of international reserves. It is a known fact that by the end of this year the trade balance will show one of the highest surpluses the nation has ever registered. The loss of international reserves was caused by transfers for which exchange authorities are solely responsibility. The lack of an exchange policy threatens to paralyze the main economic activities. The situation is even worse due to the existence of a parallel foreign exchange market that is causing very harmful speculative effects and is promoting more devaluations of the bolivar.

3. The adjustments agreed with multilateral organizations should not be the result of a pact behind closed doors or aimed exclusively at obtaining resources through additional debts.

4. The adjustment should produce a radical change in the ways the economy is handled and should contribute to the establishment of a new economic policy based on the reduction of the public sector and an opening for the true participation of private initiative. Only so will it be possible to expand private activities and absorb the idle labor force.

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5. Without solving the foreign and domestic debt problem there is no possibility of achieving positive macroeconomic results. We should not focus on increasing the debt, but in designing a strategy that will generate more resources and prevent pressures on the National Treasury.

6. We cannot continue evading responsibilities. The government must center its actions based on a coherent economic policy supported by real coordination from the Economic Cabinet. Citizens do not want more confusions or negative expectations.

7. Fedecamaras joins the country's political institutions and civilian organizations demanding firm action against the causes originating inflation. We also reject the idea that we must learn to live with inflation.

8. We reiterate our willingness to cooperate with policies that establish guidelines for an overall reorientation of government actions on economic, fiscal, and financial matters. In the same manner, we support decisions aimed a restoring a climate of confidence, relative security, and tranquility for properties and individuals. We favor strengthening the actions of the State in all areas to rescue our autonomy and preserve our sovereignty, which are vital for the country's moral, economic, and social recovery.

Tax Official Sees Need for Economic Stabilization

PA2011030895 Caracas EL NACIONAL in Spanish 17 Nov 95 p E12

[Report by Telmo Almada]

[FBIS Translated Text] Seniat [Integrated National Service for Tax Administration] Superintendent Jose Ignacio Moreno Leon yesterday joined the members of the Exchange Administration Board, JAC, in admitting that "things have reached unbearable levels."

At noon on a day of foreign exchange uncertainty, after learning of the resignation of JAC members, and amid a devaluation scenario, the Seniat superintendent said "the dramatic reality of fiscal accounts and their projections for the next two or three years highlight, without a doubt, the urgent need of the country to undertake an adjustment and economic stabilization program to confront the fiscal crisis and to establish adequate conditions to resume growth."

Moreno Leon directly referred to the statements made by Domingo Maza Zavala, a resigning JAC member, and said he is "in full agreement with the need to implement a comprehensive economic plan."

He said: "I want to state publicly that that economic plan must not be intended to create more obstacles and controls but, rather, to establish an example of modern economy, open, and competitive which will allow the country to enter the globalization process."

The superintendent warned, however, that errors made in the past must not be made again. "Perez' package was the most evident example," and it is, therefore, indispensable to accompany this adjustment with "a comprehensive program of structural and institutional reform to respond to the new realities expressed in the deterioration of the petroleum-income model," he added.

The official said "we would do nothing by increasing taxes, increasing the price of gasoline, devaluing the currency, and incurring more debt if we do not get rid of inefficient public enterprise, if we do not confront the corrupt bureaucracy, if we do not introduce a modern pension fund system."

Consequently, the official said it is indispensable to "name the appropriate leaders, committed without reservation, to design the fundamental policies and put them into practice, with the ability to compromise the entire country in this effort."

The dimensions of the crisis are such that "as long as the project and team to undertake change is not consolidated, we would be running the risk of taking a dangerous jump out in the open."

- What do you think about the policy to maintain the foreign exchange system until January of 1995?

- Controls were established to maintain international reserves. I believe everything possible should be made regarding structural reforms to regain confidence and promptly eliminate controls from the foreign exchange market.

IDB [not further specified] Instead of Gasoline

Moreno Leon also responded to the pronouncements of the country's industrial sector and explained that Venezuela is still one of the Latin American countries with a lower tax rate. "We are going to close this year with a 9.5-percent rate and hope to bring it to 13 percent next year."

The strategy to attack the fiscal deficit in 1996, according to the Seniat superintendent, also includes increasing the sales tax rate to 15 percent, "although Cordiplan [Office of Coordination and Planning] has made a proposal to bring it to 16.5 percent." In addition, a "temporary" tax will be established on bank debits for nine or 10 months, at a 2-percent rate, "which may be replaced later by the resources obtained by bringing gasoline prices in line with reality."

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Moreno recognized that the expected sales tax receipts established for next year, however, may be adversely affected for the decision to modify the 1995 fiscal budget. Unless Congress agrees to modify the law, Seniat will be forced, as a result of the modification, to continue collecting the existing 12.5-percent rate for the first three months and not the 15-percent rate included in the 1996 fiscal budget draft.

FIV President Comments on Privatization Revenues

PA1711190095 Caracas Venezolana de Television Network in Spanish 1545 GMT 17 Nov 95

[FBIS Translated Text] Venezuelan Investment Fund [FIV] President Carlos Bernardez has reported that in the next two years the privatization process will yield Venezuela $6 billion. Bernardez and FIV directorate members briefed the IMF's technical mission on the schedule of company sales through the rest of the administrative period and on the short- and long-term economic outlook. The FIV president noted that these funds will not go directly to the treasury, but will be used to pay foreign debt, especially the commitments of the privatized companies themselves.

[Begin Bernardez recording] No direct fiscal revenue is expected through privatization; such funds will be used to make full or partial payments on the debts of the companies. [end recording]

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